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30.24- 5675

A25

AMS BUDGET (350)

NIGHT LEAD CONVERTIBILITY (WITH PARIS) 37.2

BY JOHN CALE

LONDON, DEC. 29 (AP)--WEST EUROPE BOUNDED HOPEFULLY INTO A FREER MONEY ERA TODAY. IT TOOK THE WEEKEND CURRENCY SHAKEUP IN STRIDE. EUROPEAN CURRENCIES STOOD UP WELL TO THE NEW LIMITED CONVERTIBILITY--WHICH MEANS FOREIGN HOLDERS CAN CHANGE THEM INTO DOLLARS OR GOLD.

IN BRITAIN, STOCK EXCHANGE PRICES BOOMED. GOVERNMENT BONDS LED THE ADVANCE, REFLECTING CONFIDENCE IN THE NATION'S SOLVENCY. THE POUND DROPPED ABOUT A THIRD OF A U.S. CENT ON THE FOREIGN EXCHANGE MARKET. THAT WAS CERTAINLY NO SIGN OF A RUSH AGAINST STERLING.

IN FRANCE, WHERE CURRENCY REFORMS WERE MORE FAR-REACHING, THE DOLLAR WAS QUOTED AT 492 FRANCS AGAINST THE OFFICIAL VALUE OF 493.706. THE STOCK MARKET WAS STEADY AND ONLY HEAVY GOLD TRANSACTIONS MARKED THE INITIAL UNCERTAINTY FOLLOWING DEVALUATION OF THE FRANC.

ITALIAN LIRE WAS QUOTED UNCHANGED AT 623 TO 625 TO THE DOLLAR. DUTCH GUILDERS, WHICH HAD BEEN TRADING AT 3.77 TO THE DOLLAR, DECLINED A FRACTION OF A CENT.

SWISS BANKS TEMPORARILY SUSPENDED REGULAR BANKNOTE QUOTATIONS ON THE FREE MARKET WHILE THE NEW CURRENCIES STABILIZED.

BRITISH FINANCIERS EXPRESSED CONFIDENCE THAT AN ERA OF EXPANDING TRADE WAS ON THE WAY.

BRITAIN TOOK A CALCULATED RISK BY LEADING THE EUROPEAN MOVE TO FREER CONVERTIBILITY. THE DECISION MEANS THAT FOREIGN HOLDERS OF STERLING CAN EASILY CONVERT TO DOLLARS--AND FOREIGN-HELD STERLING IS ESTIMATED AT 600 MILLION DOLLARS.

BUT THE GOVERNMENT WAS SURE THAT TOTAL STERLING AREA RESERVES OF AROUND \$3,214,000,000 COULD COPE WITH ANY RUN ON THE BANK.

AT THE SAME TIME, THE OPPOSITION LABOR PARTY DECLARED ITSELF UNCONVINCED OF THE LONG TERM MERITS OF THE MOVE. IT SCHEDULED A MEETING OF ITS LEADERS FOR WEDNESDAY TO CONSIDER A STAND. A PARLIAMENTARY DEBATE AFTER THE HOUSE OF COMMONS REASSEMBLES IN JANUARY IS ON THE CARDS.

EUROPEAN CAPITALS CLOSELY WATCHED DEVELOPMENTS IN FRANCE WITH ITS NEW REGIME OF AUSTERITY.

GOLD TRANSACTIONS--NORMALLY MEANING A LACK OF CONFIDENCE IN THE CURRENCY--WERE HEAVY IN PARIS, BUT THE PRICE WENT UP ONLY ABOUT 1.65 PER CENT.

"THIS IS A SMALL INCREASE COMPARED WITH THE FULL PLUNGE TAKEN BY THE FRANC," SAID A LONDON FINANCIAL EXPERT. "IT INDICATES THE FRENCH HAVE MADE AN ENCOURAGING START WITH THEIR NEW POLICIES."

MM359PES

A5

UNCONVERTED (280)

BY HAL R. COOPER

LONDON, DEC. 29 (AP)--CONFUSED BY THE NEWS THAT THE BRITISH POUND HAS BEEN MADE CONVERTIBLE INTO DOLLARS? FOR WHAT COMFORT IT MAY GIVE YOU, SO ARE MOST OF THE BRITISH.

OUR FRIEND NAT NATHANSON, WHO OWNS A DELICATESSEN, IS NOT ONLY CONFUSED BUT FURIOUS.

NAT BET US A DRINK THAT THE IMPORTER WHO SUPPLIES HIM WITH AMERICAN CANNED PINEAPPLE AND PEACHES WOULD NOW BE FREE TO BRING IN UNLIMITED QUANTITIES. HE LOSES THE BET.

A SPOKESMAN FOR THE GOVERNMENT BOARD OF TRADE SAID MOST CONSUMER GOODS FROM THE DOLLAR AREA, INCLUDING CANNED FRUIT, WILL STILL BE SUBJECT TO IMPORT LICENSES.

"EACH REQUEST FOR A LICENSE TO IMPORT SUCH THINGS WILL BE CONSIDERED ON ITS MERITS," THE SPOKESMAN SAID.

"NO GENERAL RELAXATION OF PRESENT QUOTAS IS ON THE BOARD AT THE MOMENT."

SO WHAT DOES THE NEW CONVERTIBILITY OF THE POUND MEAN TO MY FRIEND NAT?

"BUGGAR ALL, THAT'S WHAT IT MEANS," WAS NAT'S GRUMPY COMMENT.

"I CAN SELL ALL OF A CERTAIN HIGH GRADE BRAND OF AMERICAN TINNED FRUIT I CAN GET."

"WHEN I FIRST HEARD OF THIS CONVERTIBILITY LARK I HAD THE IMPRESSION THE STUFF WOULD BE AVAILABLE FREELY. NOW I FIND I AM STILL GOING TO GET IT IN DRIBBLES. I WISH SOMEBODY WOULD TELL ME WHY I STAY IN THIS BUSINESS."

NAT'S PREDICAMENT ILLUSTRATES THE FACT THAT THE MOVE TO MAKE THE POUND CONVERTIBLE HAS SEVERE LIMITATIONS.

IF, FOR INSTANCE, NAT DECIDED TO SELL SOME OF HIS BRITISH STOCK MARKET HOLDINGS AND TAKE A TRIP TO AMERICA HE WOULD RUN UP AGAINST THE BRITISH TREASURY LIMITATION ON THE CONVERSION OF POUNDS INTO DOLLARS FOR TRAVEL PURPOSES. THAT LIMITATION STILL STANDS AT 100 POUNDS (\$280) A YEAR.

AN AMERICAN WITH POUNDS IN A BRITISH BANK IS NOW FREE TO PEDdle THEM OFF FOR DOLLARS AND GO HOME, IF HE IS SO MINDED.

BUT IF HE SELLS SOME OF THESE DOLLARS TO NAT FOR POUNDS AND THEN CONVERTS NAT'S POUNDS INTO MORE DOLLARS IT'LL BE A CASE OF HANDCUFFS FOR TWO. SUCH DEALS ARE ILLEGAL.

PD225PES

A56

NIGHT LEAD CURRENCY EFFECTS (500)

BY WALTER BREEDE JR.

AP BUSINESS NEWS WRITER

NEW YORK, DEC. 29 (AP)--SWEEPING CURRENCY CHANGES MADE TODAY IN 10 EUROPEAN COUNTRIES ARE NOT LIKELY TO AFFECT THE PRICE YOU PAY FOR BRITISH WOOLENS, GERMAN AUTOMOBILES, FRENCH PERFUMES, ITALIAN WINES AND OTHER EUROPEAN PRODUCTS.

THAT'S THE THINKING OF BANKERS, IMPORTERS AND FOREIGN EXCHANGE SPECIALISTS IN THIS HUGE PORT CITY WHICH HANDLES A GREATER VOLUME OF FOREIGN TRADE THAN ANY OTHER METROPOLIS IN THE WESTERN HEMISPHERE.

WHAT THE 10 EUROPEAN COUNTRIES HAVE DONE IS TO MAKE IT EASIER AND MORE PROFITABLE FOR FOREIGNERS TO CONVERT THE CURRENCIES OF THOSE COUNTRIES--BRITISH POUNDS, FRENCH FRANCS, WEST GERMAN DEUTSCHMARKS AND SO ON--INTO OTHER CURRENCIES INCLUDING U.S. DOLLARS. IN ADDITION, THE FRENCH HAVE REDUCED THE OFFICIALLY RECOGNIZED VALUE OF THE FRANC BY 17 1/2 PER CENT--FROM 420 FRANCS TO THE DOLLAR TO 493.

THEORETICALLY THE DEVALUATION OF THE FRANC SHOULD CHOP 17 1/2 PER CENT FROM THE PRICE AMERICANS PAY FOR PARIS GLOVES AND PERFUMES, BURGUNDY WINES, RENAULT SPORTS CARS AND OTHER FRENCH IMPORTS. COMPETING PRODUCTS FROM OTHER FOREIGN COUNTRIES COULD BE EXPECTED TO DROP IN PRICE, TOO. BUT, SAY FOREIGN TRADE EXPERTS HERE, IN PRACTICE IT WON'T WORK OUT THAT WAY.

"LET'S NOT KID OURSELVES," SAID HARRY S. RADCLIFFE, EXECUTIVE VICE PRESIDENT OF THE NATIONAL COUNCIL OF AMERICAN IMPORTERS. "THE FRENCH ARE PRACTICAL BUSINESSMEN. THEIR WAGE AND RAW MATERIAL COSTS ARE GOING UP, AND UNDER GEN. DE GAULLE'S AUSTERITY PROGRAM THEY'RE GOING TO PAY HIGHER TAXES. THEY CAN'T AFFORD TO CUT PRICES 17 1/2 PER CENT."

SOME IMPORT COMPANY EXECUTIVES PREDICT A FLURRY OF PRICE CUTS ON FRENCH PRODUCTS DURING THE SLACK POST-CHRISTMAS SEASON BUT WITH PRICES BACK AT PRE-DEVALUATION LEVELS BY SPRING.

WILL YOU BE ABLE TO BUY A RENAULT AUTOMOBILE AT A LOWER PRICE? EXECUTIVES AT THE FRENCH AUTO COMPANY'S U.S. SALES HEADQUARTERS HERE WERE NOT AVAILABLE FOR COMMENT. AUTO RETAILERS HANDLING FOREIGN CARS SAID THEY WISHED THEY KNEW. SPOKESMEN FOR OTHER FOREIGN AUTO MANUFACTURERS SAID THEY DOUBTED VERY MUCH IF PRICES WOULD BE CUT.

AMERICAN TOURISTS VISITING FRANCE MAY GET SOME UNEXPECTED BARGAINS, ACCORDING TO TRAVEL AGENCY OFFICIALS HERE. THEY'LL GET MORE FRANCS PER DOLLAR TO SPEND IN FRENCH RESTAURANTS AND HOTELS.

EXPORTERS SAY THE TREND TOWARD FREER CONVERTIBILITY SHOULD HAVE A STABILIZING EFFECT ON EUROPEAN CURRENCIES. THIS WILL MAKE IT EASIER FOR AMERICAN BUSINESSMEN TO COMMIT THEMSELVES TO LONG-RANGE DEALS.

BUT, SAY EXPORTERS, IT WILL ALSO MAKE FOR STIFFER COMPETITION. "OUR PRODUCTS WILL COST MORE IN FRANCE," SAID ONE LARGE ELECTRICAL EQUIPMENT MANUFACTURER. "THEY'LL BE AT A COMPETITIVE DISADVANTAGE."

COUNTRIES MAKING THEIR CURRENCIES MORE FREELY CONVERTIBLE INCLUDE BRITAIN, FRANCE, WEST GERMANY, ITALY, BELGIUM, HOLLAND, LUXEMBURG, DENMARK, NORWAY AND SWEDEN. THURSDAY SIX OF THESE (BRITAIN AND THE THREE SCANDINAVIAN COUNTRIES ARE NOT TAKING PART) WILL FORM A KIND OF CUSTOMS UNION OR "EUROPEAN COMMON MARKET"--ANOTHER IMPORTANT STEP TOWARD FREER TRADE.

TARIFFS AND OTHER TRADE BARRIERS WILL BE LOWERED SO THE SIX COMMON MARKET NATIONS CAN TRADE WITH ONE ANOTHER MORE EASILY. BUT FOR THE UNITED STATES AND OTHER OUTSIDERS, THE BARRIERS STILL STAND.

FOREIGN EXCHANGE MARKETS HERE WERE QUIET TODAY. PROSPECTIVE BUYERS OF FRENCH FRANCS NAMED A PRICE OF 502 1/2 TO THE DOLLAR; SELLERS WANTED 492.60.

KS/AS606PFS

A97

FIRST LEAD CONVERTIBILITY 370
BY ALVIN STEINKOPF

LONDON, DEC. 29 (APL)--A STRONG WORLDWIDE DEMAND FOR BRITISH GOVERNMENT SECURITIES DEVELOPED TODAY AFTER WEEKEND ANNOUNCEMENTS BY 10 WEST EUROPEAN NATIONS THAT FOREIGNERS HOLDING THEIR CURRENCIES MAY CONVERT THEM INTO ANY KIND OF MONEY.

GOVERNMENT LEADERS GENERALLY PREDICTED THE LIBERALIZING OF FOREIGN EXCHANGE RESTRICTIONS WOULD ENCOURAGE WIDER TRADE.

INVESTORS GRASPED THEIR FIRST OPPORTUNITY, ON THE OPENING OF THE LONDON STOCK EXCHANGE, TO DEMONSTRATE CONFIDENCE IN THE STATE'S SECURITIES, AND THE FREER POUND, NOW CONVERTIBLE INTO DOLLARS AT OFFICIAL RATES BY ALL FOREIGNERS, STOOD UP WELL TO OTHER CURRENCIES.

IT SAGGED A LITTLE IN THE FIRST HOURS OF TRADING. BUT IT WAS SUPPORTED STRONGLY AT HOME AND STARTED GOING FORWARD.

THE SPECTACULAR FEATURE OF EARLY DEALS WAS THE LIVELY DEMAND FOR GOVERNMENT SECURITIES, WHICH IN A MATTER OF MINUTES WERE HOISTED BY AS MUCH AS 8 SHILLINGS 9 PENCE. (\$1.22).

FREER CONVERTIBILITY OF THE MAJOR EUROPEAN CURRENCIES SEEMED TO BE OFF TO A PROMISING START. BUT SOME DOUBTS WERE EXPRESSED--CHIEFLY IN FRANCE. THERE, WITH DEVALUATION OF THE FRANC AND AN AUSTERITY BUDGET, THE COUNTRY FACED A MORE SERIOUS FINANCIAL SHAKEUP THAN OTHER LANDS.

BUT THE FRENCH POSITION WAS RELIEVED SOMEWHAT BY TODAY'S ANNOUNCEMENT IT IS RECEIVING A 60 MILLION DOLLAR LOAN FROM WEST GERMANY, AND BY REPORTS THAT OTHER EUROPEAN STATES MAY COME TO FRANCE'S ASSISTANCE. THERE WERE RUMORS THAT BRITAIN MIGHT HELP, BUT A TREASURY SPOKESMAN SAID THAT NO STATEMENT ON THE MATTER IS CONTEMPLATED.

REPORTS FROM THE CONTINENT INDICATED NO UNUSUAL EXCITEMENT ON STOCK EXCHANGES. CURRENCY RATES WERE CHANGING VERY LITTLE.

TRADERS IN SOME LANDS, AMONG THEM ITALY AND NORWAY, WERE ADOPTING A WAIT-AND-SEE ATTITUDE, WITH CURRENCY EXCHANGES DOING LITTLE BUYING OR SELLING.

THE LONDON STOCK EXCHANGE STARTED QUOTING THE NEW "HEAVY" FRENCH FRANC, THE FIRST RATE BEING 1375 FRANCS TO THE POUND. THIS CORRESPONDED TO A RATE OF 1375 OLD FRANCS TO THE POUND. THE HEAVY FRANC THUS IMPROVED A LITTLE FROM A RATE OF 1382 TO THE POUND IN SATURDAY'S DEVALUATION.

BANKNOTE QUOTATIONS ON SWITZERLAND'S FREE MONEY MARKET WERE TEMPORARILY SUSPENDED AND THERE WERE NO LARGE SCALE TRANSACTIONS. SOME CONVERSIONS WERE BEING MADE FOR TOURISTS.

THE FRENCH STOCK EXCHANGE WAS ACTIVE, WITH PRICES TENDING UPWARD. PETROLEUM SHARES WERE ESPECIALLY LIVELY.

BRITISH BUSINESS MEN, SORTING OUT THE CONVERTIBILITY PUZZLE, WERE EXPECTING NO DIRECT BENEFITS BUT BELIEVED THEY WILL GAIN IN THE LONG RUN BECAUSE A FREER POUND SHOULD GIVE THEM A BIGGER SHARE OF WORLD TRADE.

SOCIALIST CRITICS, PARTICULARLY IN BRITAIN, PREDICTED A DEPLETION OF FOREIGN EXCHANGE HOLDINGS, POSSIBLE DEPRESSION AND INCREASING UNEMPLOYMENT.

BUSINESSMEN MOSTLY WELCOMED THE CHANGE, BUT MANY WERE RELUCTANT TO FORECAST THE OUTCOME. SHARPER COMPETITION WAS GENERALLY ANTICIPATED.

THERE ALSO WAS SOME EXPECTATION OF MORE BUYING IN THE UNITED STATES SINCE DOLLARS MIGHT BE CHEAPER AND EASIER TO GET. BUT UNTIL QUOTAS ON IMPORTS FROM AMERICA AND CANADA ARE INCREASED OR ABANDONED, THE SELLERS ON THAT SIDE OF THE ATLANTIC CAN EXPECT NO MARKED INCREASE IN SALES TO WESTERN EUROPE.

THE LIMITED CONVERTIBILITY WAS ANNOUNCED SATURDAY BY BRITAIN, WEST GERMANY, FRANCE, ITALY, THE NETHERLANDS, BELGIUM, LUXEMBOURG, DENMARK, SWEDEN AND NORWAY. IT BECAME EFFECTIVE THIS MORNING.

FRANCE ALSO CUT THE VALUE OF THE FRANC 17 1/2 PER CENT--FROM 420 FRANCS TO THE DOLLAR TO 493--IN AN ATTEMPT TO MAKE PRICES ON HER EXPORTS MORE ATTRACTIVE TO FOREIGN BUYERS.

THE NEW LIMITED CONVERTIBILITY HAS ONLY AN INDIRECT EFFECT ON RESIDENTS OF THE 10 COUNTRIES. RESTRICTIONS WHICH PREVENT THEM FROM GETTING UNLIMITED FOREIGN CURRENCY AT THE OFFICIAL RATES STILL PREVAIL.

BUT MOST CAN PURCHASE FOREIGN CURRENCIES FROM PRIVATE TRADERS AT A RATE SLIGHTLY ABOVE THE OFFICIAL. AND THEY SHOULD FIND FOREIGN FIRMS READIER TO SELL TO THEM SINCE THE SELLERS CAN CONVERT THEIR PAYMENTS.

DUTCH ECONOMISTS WARNED THAT WIDER TRADE WOULD RESULT ONLY IF THE NATIONS NOW DO NOT THROW UP NEW TARIFF BARRIERS AND IMPORT QUOTAS TO KEEP FOREIGN PRODUCTS OUT.

LIMITED CONVERTIBILITY IS A STEP TOWARD THE DISTANT GOAL OF COMPLETE CONVERTIBILITY, THE DAY WHEN ANYBODY IN ANY COUNTRY CAN EXCHANGE ANY CURRENCY FOR ANY OTHER AT A UNIFORM, OFFICIAL RATE. A BRITISH TREASURY SPOKESMAN COMMENTED THAT THAT "SEEMS STILL TO BE A LONG WAY OFF." BUT LIMITED CONVERTIBILITY IS THE FIRST MAJOR REVERSAL IN A WIDESPREAD POLICY OF FOREIGN EXCHANGE RESTRICTION IN EFFECT SINCE THE EARLY DAYS OF WORLD WAR II.

UNTIL THE CHANGE TODAY, ANYONE WHO SOLD GOODS TO BRITAIN FOR POUNDS, FOR EXAMPLE, HAD TO PAY MORE THAN THE OFFICIAL RATE TO CONVERT THESE POUNDS INTO DOLLARS, WEST GERMAN MARKS OR OTHER CURRENCIES. AS A RESULT, SUCH SELLERS TENDED TO RESTRICT THEIR OWN FOREIGN BUYING TO COUNTRIES WHICH WOULD ACCEPT POUNDS.

BEGINNING TODAY, THE FOREIGN SELLER IN BRITAIN CAN TAKE HIS POUNDS AND CONVERT THEM AT THE OFFICIAL RATE INTO MARKS IF HE WANTS TO BUY IN WEST GERMANY, DOLLARS IF HE WANTS TO GO INTO THE U.S. MARKET OR ANY OTHER MONEY HE NEEDS OR WANTS.

VIENNA NEWSPAPERS PREDICTED THAT THE AUSTRIAN GOVERNMENT SOON WOULD GO ALL THE WAY, MAKING THE SCHILLING FREELY CONVERTIBLE BOTH FOR FOREIGNERS AND FOR RESIDENTS OF AUSTRIA.

THE SWITCH TO LIMITED CONVERTIBILITY IS PARTLY THE RESULT OF RECENT CONTINUED LARGE INCREASES IN THE FOREIGN EXCHANGE HOLDINGS OF MOST WEST EUROPEAN COUNTRIES, LESSENING OF DEMAND FOR THE U.S. DOLLAR AS TRADE AMONG THE EUROPEAN NATIONS HAD EXPANDED, AND A DESIRE BY BRITAIN TO MEET THE COMPETITION OF THE SIX-NATION EUROPEAN COMMON MARKET, WHICH GOES INTO EFFECT JAN. 1.

THE COMMON MARKET IS MADE UP OF FRANCE, WEST GERMANY, ITALY, BELGIUM, THE NETHERLANDS AND LUXEMBOURG. ON JAN. 1, THEY START DOING AWAY PROGRESSIVELY WITH CUSTOMS BARRIERS BETWEEN THEMSELVES AND AT THE SAME TIME UNIFYING THEIR TARIFF SYSTEMS AGAINST THE REST OF THE WORLD. FRANCE SO FAR HAS REJECTED BRITISH PROPOSALS TO EXPAND THE COMMON MARKET INTO A FREE TRADE AREA MADE UP OF ALL 17 NATIONS OF THE ORGANIZATION FOR EUROPEAN COOPERATION.

SOME OFFICIALS ON THE CONTINENT CHARGED THAT BRITAIN HAD COME OUT WITH LIMITED CONVERTIBILITY TO TORPEDO THE COMMON MARKET. BUT A BRITISH TREASURY SPOKESMAN SAID THE LIBERALIZATION RESULTED FROM FACTORS THAT HE BEEN BUILDING UP FOR YEARS AND HAD BEEN DONE WITH THE FULL UNDERSTANDING OF FRANCE AND WEST GERMANY.

THE KEY TO THE CONVERTIBILITY SWITCH WAS BRITAIN, BECAUSE THE BRITISH POUND, AS THE CURRENCY OF THE VAST STERLING BLOC, BUYS MORE THAN HALF THE GOODS SOLD IN THE WORLD. BRITAIN TRIED LIMITED CONVERTIBILITY IN 1947 BUT HER STOCK OF DOLLARS WASN'T SUFFICIENT TO STAND THE RUN. CONVERTIBILITY WAS SUSPENDED AFTER 37 DAYS.

LONDON'S SOCIALIST REYNOLDS NEWS COMPLAINED THAT THE BRITISH STILL "HAVE NOT A SUFFICIENT RESERVE OF GOLD AND DOLLARS TO MAKE THIS (CONVERTIBILITY) A SAFE GAMBLE." BUT SOURCES IN BRITAIN'S CONSERVATIVE GOVERNMENT ANTICIPATED NO REPETITION OF THE 1947 RUN. INSTEAD THEY EXPECTED THE BOOST TO TRADE TO INCREASE THE DEMAND FOR THE POUND ITSELF.

BRITISH BANKING CIRCLES ESTIMATED THAT SOME 500 MILLION DOLLARS WORTH OF STERLING IS HELD BY FOREIGNERS WHO COULD QUALIFY TO CONVERT IT IF THEY WANT. BRITAIN'S GOLD AND DOLLAR RESERVES AT THE END OF OCTOBER WERE JUST OVER THREE BILLION DOLLARS, THE HIGHEST IN MORE THAN SEVEN YEARS.

FOR FRANCE, THOUGH, IT WAS A REAL GAMBLE. HER GOLD AND DOLLAR RESERVES HAVE BEEN RUNNING AT AROUND ONLY HALF A BILLION DOLLARS.

THE EASING OF EXCHANGE RESTRICTIONS BROUGHT AN END TO THE EUROPEAN PAYMENTS UNION, WHICH HAD ACTED AS A CLEARING HOUSE FOR THE 17 NATIONS OF THE OEEC AND ALSO ALLOWED THOSE IN FINANCIAL STRAITS TO DEFER PAYMENT OF 25 PER CENT OF THE FOREIGN EXCHANGE THEY OWED TO OTHER NATIONS.

EPU IS BEING REPLACED BY THE EUROPEAN MONETARY AGREEMENT, WHICH WILL REQUIRE FULL PAYMENTS AT THE PERIODIC BALANCING-UP. HOWEVER, EMA SETS UP A 600-MILLION-DOLLAR FUND TO GIVE SHORT-TERM CREDITS TO NATIONS WHOSE FOREIGN EXCHANGE STOCKS ARE DANGEROUSLY LOW.

THE NEXT SEVERAL MONTHS WILL SHOW WHETHER THE EXCHANGE LIBERALIZATION WAS WISE, OR WHETHER IT CAME TOO SOON. HERE ARE SOME SIGNS TO WATCH:

1. ARE THE RESERVES OF FOREIGN CURRENCIES OF ANY COUNTRY DROPPING DANGEROUSLY? THIS MAY MEAN THAT PEOPLE ARE LOSING CONFIDENCE IN THAT COUNTRY'S CURRENCY AND ARE EXCHANGING IT FOR A STRONGER CURRENCY.

2. IS THE ACTUAL VOLUME OF TRADE RISING OR NOT? THIS WILL BE SHOWN IN GOVERNMENT STATISTICS AND WILL INDICATE WHETHER CONVERTIBILITY IS IN FACT ENCOURAGING TRADE.

30.24- 5677

3. IS A PARTICULAR INDUSTRY IN ANY ONE COUNTRY DOING MUCH BETTER BUSINESS ALL OF A SUDDEN? IF SO, COMPETITORS IN OTHER COUNTRIES MAY BE IN TROUBLE, AND SO MAY THE GOVERNMENTS WHICH ARE LOSING FOREIGN SALES.

4. TO WHAT EXTENT ARE TARIFFS AND IMPORT QUOTAS REMOVED OR INCREASED. THE VALUE TO TRADE OF CONVERTIBILITY MIGHT BE COMPLETELY COUNTERBALANCED BY PROTECTIVE TRADE MEASURES WHICH WOULD PREVENT THE INTERCHANGE OF GOODS.

5. IS THE NATIONAL OUTPUT OF EACH COUNTRY RISING? THIS IS THE FINAL, CRUCIAL TEST THAT CANNOT BE OBSERVED FOR MANY MONTHS TO COME.

ED-HA519AFS

A127

WITH CONVERTIBILITY (280)
NEW YORK, DEC 29 (AP)-FOREIGN EXCHANGE TRADERS TODAY ADOPTED AN ATTITUDE OF WAIT AND SEE TOWARD THE "NEW LOOK" IN EUROPEAN CURRENCY REGULATIONS.

THE LIMITED CONVERTIBILITY PUT INTO EFFECT BY THE GOVERNMENTS OF 10 WESTERN EUROPEAN NATIONS HAD LITTLE IMMEDIATE IMPACT ON THE FOREIGN MONEY MARKET HERE.

DEMAND FOR DANISH, NORWEGIAN AND SWEDISH BANK NOTES STIFFENED A BIT. CURRENCIES OF BRITAIN, WEST GERMANY, BELGIUM, LUXEMBOURG, THE NETHERLANDS AND ITALY WERE QUOTED AT ABOUT THE SAME LEVELS, IN TERMS OF U.S. DOLLARS, AS ON CHRISTMAS EVE.

THE FRENCH FRANC REFLECTED THE NEW OFFICIAL EXCHANGE RATE OF 495 TO THE DOLLAR WITH BUYERS NAMING A PRICE OF 495 TO THE DOLLAR AND SELLERS OFFERING 488. DEALERS REPORTED A TEMPORARY SHORTAGE OF 5,000-FRANC AND 10,000-FRANC NOTES, THE MOST POPULAR DENOMINATIONS. VIRTUALLY NO SHIPMENTS HAD BEEN ORDERED FROM FRANCE LAST WEEK WHILE TRADERS AWAITED THE FRENCH GOVERNMENT'S DEVALUATION TERMS.

DEALERS POINTED OUT THAT FRENCH FRANCS, BRITISH POUNDS, WEST GERMAN DEUTSCHMARKS AND THE CURRENCIES OF BELGIUM, HOLLAND, LUXEMBOURG AND ITALY HAD FOR ALL PRACTICAL PURPOSES BEEN FREELY CONVERTIBLE HERE BEFORE THE 10 EUROPEAN GOVERNMENTS ADOPTED LIMITED CONVERTIBILITY AS AN OFFICIALLY APPROVED POLICY TODAY. UNTIL TRADING IN FRENCH CURRENCY WAS SUSPENDED LAST WEEK, THE FRANC HAD BEEN AVAILABLE HERE AT 470 TO 475 TO THE DOLLAR, A LEVEL APPROXIMATING THE SO-CALLED BLACK MARKET RATE OF 472 TO THE DOLLAR IN FRANCE.

THE SCANDINAVIAN CURRENCIES, MORE RIGIDLY CONTROLLED, WERE LESS EASILY EXCHANGABLE FOR DOLLARS AND HENCE TENDED TO RISE IN VALUE TODAY AFTER THE NEW CONVERTIBILITY REGULATIONS WENT INTO EFFECT.

SOME DEALERS IN FOREIGN CURRENCIES PREDICTED A FALLING-OFF IN THEIR BUSINESS. UNDER THE NEW REGULATIONS, AMERICAN TRAVELERS BOUND FOR FRANCE CAN BUY FRANCS ALMOST AS ADVANTAGEOUSLY AT A PARIS BANK AS THEY COULD FROM A NEW YORK FOREIGN EXCHANGE TRADER.

OTHER DEALERS FORECAST A FREE-SWINGING BOOM IN FOREIGN EXCHANGE SWAPPING BY PROFESSIONALS HOPING TO BENEFIT FROM DAY-TO-DAY FLUCTUATIONS IN EXCHANGE RATES.

KM1136AES

A72

(260)
LONDON, DEC. 29 (AP)-RUSSIA TODAY RATTLED HER INTERCONTINENTAL BALLISTIC MISSILE AND A HYDROGEN-BOMB HEAD FOR IT IN DEFENSE OF EAST GERMANY.

"ANY PROVOCATION IN WEST BERLIN AND ATTEMPTED AGGRESSION" AGAINST EAST GERMANY "MAY START A MAJOR WAR," SAID THE SOVIET COMMUNIST PARTY NEWSPAPER PRAVDA. IT WAS QUOTED BY MOSCOW RADIO.

RUSSIA HAS MADE THE SAME THREAT BEFORE IN TRYING TO PRESSURE THE WEST TO ACCEPT SOVIET PREMIER KHRUSHCHEV'S PROPOSAL THAT THE ALLIES QUIT WEST BERLIN AND LET IT BE TURNED INTO A DISARMED FREE CITY.

THE RUSSIANS SAY THEY ARE GOING TO TURN OVER CONTROL OF ALL TRAFFIC TO AND FROM WEST BERLIN TO THE EAST GERMAN COMMUNISTS, AND THAT ANY ATTEMPT TO DEFEY THEIR CONTROLS WILL CONSTITUTE AGGRESSION AGAINST EAST GERMANY.

PRAVDA ASSERTED TODAY THAT THE SOVIET UNION HAS "THE MOST UP-TO-DATE ARMS INCLUDING INTERCONTINENTAL ROCKETS WHICH ARE INVULNERABLE CARRIERS OF POWERFUL THERMONUCLEAR WARHEADS."

"THE SOVIET PEOPLE AND ITS VALIANT ARMED FORCES," SAID THE PARTY ORGAN, "WILL GIVE A CRUSHING REBUFF TO THOSE WHO DARE ENCROACH UPON THE STATE INTERESTS OF THE U.S.S.R. AND UNLEASH A WAR AGAINST IT."

THE BROADCAST SAID THE SOVIET UNION "DOES NOT REFUSE TO HEAR AND DISCUSS IDEAS WHICH THE WESTERN POWERS MAY HAVE FOR SOLUTION OF THE (BERLIN) QUESTION NOR DOES IT LACK THE DESIRE TO FIND CONCERTED AGREEMENT."

BUT PRAVDA WARNED THAT SHOULD AN AGREEMENT NOT BE REACHED, RUSSIA WOULD TRANSFER TO THE EAST GERMAN GOVERNMENT THE "FUNCTIONS" WHICH THE U.S.S.R. HAS HITHERTO CARRIED OUT IN BERLIN AND ALONG THE COMMUNICATION LINES CONNECTING IT WITH WEST GERMANY.

MK723AES

A95 (150)
LONDON, DEC. 29 (AP)-MOSCOW RADIO BOASTED TODAY THE SOVIET UNION HAS ROCKETS CAPABLE OF CARRYING AN H-BOMB "TO ANY TARGET, WHEREVER IT MAY BE."

THE BROADCAST WARNED THE UNITED STATES IT COULD NOT SIT OUT ANY FUTURE WAR SAFELY AT HOME ACROSS THE OCEAN. WITH ITS ROCKET ARSENAL, THE SOVIET UNION WOULD "CURB ANY AGGRESSOR AND NO OCEAN COULD SAVE HIM FROM RETALIATION," MOSCOW DECLARED.

THE ENGLISH LANGUAGE BROADCAST, BEAMED TO BRITAIN, QUOTED SEN. FRANCIS CASE (R-SB) AS SAYING THE U.S. THOR ROCKET COULD BE SUPPLIED TO TRAINED TEAMS IN ENGLAND AND FROM THERE IT COULD DELIVER A NUCLEAR BOMB TO THE KREMLIN.

"NATURALLY SEN. CASE DOES NOT CARE IN THE LEAST THAT RETALIATION IN THIS EVENT WOULD BE DIRECTED AT BRITAIN AND OTHER EUROPEAN COUNTRIES IN WHICH U.S. THOR ROCKETS ARE STATIONED," THE BROADCAST SAID. "HE FOLLOWS THE USUAL MOTTO OF U.S. STRATEGISTS, TO SADDLE OTHER NATIONS WITH RESPONSIBILITY FOR THE ACTIONS OF U.S. MILITARY LEADERS. THE AMERICANS, HE THINKS, CAN SIT IT OUT AT HOME ACROSS THE OCEAN."

"SUCH THINKING, HOWEVER, IS BASED ON SAND."

(150)

JB826PES

LONDON, DEC. 29 (AP)-RUSSIAN SUBMARINES MAY BE SECRETLY CRUISING IN WATERS WHERE ALLIED GUIDED MISSILE TESTS ARE UNDER WAY, IT WAS REPORTED TODAY.

NAVAL SOURCES SAID SOVIET SCIENTISTS ARE ANXIOUS TO GET A LOOK AT WARHEADS FROM ALLIED MISSILES. MOST OF THESE ARE CONSTRUCTED TO FLOAT ON THE SEA AFTER REACHING THEIR TARGETS. THERE HAVE BEEN REPORTS OF UNIDENTIFIED SUBMARINES IN SOUTH ATLANTIC WATERS.

"IT SEEMS REASONABLE TO EXPECT THE RUSSIANS TO TRY TO PICK UP A WARHEAD," SAID ONE NAVAL OBSERVER. "AS LONG AS THEY'RE OPERATING OUTSIDE THREE-MILE LIMITS, THEY'RE ON THE HIGH SEAS AND ANYTHING THEY FIND THERE CAN BE PICKUP UP."

BRITAIN, LIKE THE UNITED STATES, IS TAKING PRECAUTIONS TO MAKE SURE ITS MISSILE WARHEADS DO NOT FALL INTO RUSSIAN HANDS. THESE INCLUDE EQUIPPING MISSILES WITH SPECIAL INSTRUMENTS WHICH CAN DESTROY THEM IN THE AIR IF THEY VEER FROM COURSE. NAVAL CRAFT ARE STATIONED IN THE TARGET AREA READY TO RECOVER TESTED WEAPONS THAT FALL INTO THE WATER.

J1009AES

A45

LONDON, DEC. 29 (AP)-RUSSIA TODAY SET UP A SPECIAL COMMISSION TO "SUPPORT IN EVERY WAY POSSIBLE THE NATIONAL LIBERATION STRUGGLES" OF AFRICAN PEOPLE.

MOSCOW RADIO SAID THE AFRICAN COMMISSION WOULD BE ATTACHED TO THE SOVIET COMMITTEE OF SOLIDARITY OF AFRO-ASIAN COUNTRIES. PROF. I. POTEKHIN OF THE U.S.S.R. ACADEMY OF SCIENCES WAS NAMED CHAIRMAN.

KS514PES

A123 (120)

SWAFFHAM, ENGLAND, DEC. 29 (AP)-THIRTY-SEVEN PACIFISTS WHO INVADDED A BASE FOR AMERICAN ROCKETS SAID TODAY THEY WOULD DEFEY A COURT ORDER TO KEEP THE PEACE FOR ONE YEAR.

MAGISTRATE J.H. BOAG TOLD THEM THEY HAD SEVEN DAYS TO CHANGE THEIR MINDS AND IF THEY DID NOT PROMISE TO BEHAVE HE WOULD SEND THEM TO PRISON FOR TWO WEEKS.

THE DEMONSTRATORS, MEMBERS OF A GROUP CALLED THE DIRECT ACTION COMMITTEE AGAINST NUCLEAR WAR, WERE CHARGED WITH OBSTRUCTING POLICE AT THE BASE THE WEEKEND OF DEC. 20.

SEVEN OTHER PACIFISTS SIGNED A BOND PLEDGING GOOD BEHAVIOR.

AMERICAN THOR ROCKETS WILL BE MOUNTED AT THE NORTH PICKENHAM BASE AND MAINTAINED BY THE BRITISH. THE PACIFISTS, 13 OF THEM WOMEN, TWICE MARCHED ON THE BASE. SOME TRIED TO TAKE OVER A CEMENT MIXER. OTHERS LAY IN FRONT OF CONSTRUCTION TRUCKS UNTIL SECURITY OFFICERS DRAGGED THEM AWAY.

AS1009PES

B24 (Q)

(120)

LONDON, DEC. 29 (AP)-A NEW COLOMBO PLAN REPORT SHOWS THE COUNTRIES OF SOUTHEAST ASIA ARE HARDER PRESSED FOR SKILLED WORKERS THAN THEY ARE FOR CASH.

THE REPORT, PUBLISHED TODAY BY THE CONSULTATIVE COMMITTEE OF THE COLOMBO PLAN FOR COOPERATIVE DEVELOPMENT OF SOUTH AND SOUTHEAST ASIA, STRESSED THE NEED FOR DEVELOPMENT OF TECHNICAL AND MANAGERIAL SKILLS IN THE AREA.

MANY COUNTRIES IN SOUTHEAST ASIA, THE REPORT SAID, "ARE NOW FINDING THAT SHORTAGES OF PEOPLE WITH REQUIRED SKILLS ARE EVEN MORE FRUSTRATING OBSTACLES THAN ANY LIMITATION IN CAPITAL RESOURCES."

THE REPORT IS THE 7TH ISSUED SINCE THE COLOMBO PLAN WENT INTO BUSINESS IN 1950. THE ORGANIZATION WAS STARTED BY A BRITISH COMMON-WEALTH COMMITTEE.

THIS REPORT STATES THE UNITED STATES HAS CONTRIBUTED ALMOST FOUR BILLION DOLLARS IN ECONOMIC AND TECHNICAL ASSISTANCE TO THE PLAN NATIONS SINCE 1950.

PD431PES

A159

(1,170)

(AGENCIES OUT)

AP FOREIGN SERVICE ADVANCE FOR AMS OF TUESDAY DEC. 30

COMMON MARKET-II

EDITOR'S NOTE--THE COMMON MARKET WHICH EUROPE WILL START THURSDAY HOLDS MANY PROMISES--AND CONSIDERABLE DOUBT FOR MANUFACTURERS IN SOME OF THE COUNTRIES CONCERNED. THIS IS THE SECOND OF THREE ARTICLES TELLING WHAT EFFECTS THE COMMON MARKET IS EXPECTED TO HAVE.

-DASH-

BY DAVID MASON

(ADVANCE)...PARIS, DEC. 29 (AP)-SIX WESTERN EUROPEAN NATIONS SOMEWHAT GINGERLY DIP THEIR TOES INTO THE OPEN WATERS OF FREE TRADE JAN. 1.

THERE IS SOME APPREHENSION ALMOST EVERYWHERE, EVEN THOUGH THE COURSE HAS BEEN CAREFULLY CHARTED ON THE BASIS OF A SUCCESSFUL PILOT RUN.

30.24- 5679

AS THE COMMON MARKET WAS ABOUT TO EMERGE FROM PAGES OF THE ROME TREATY, ASSOCIATED PRESS CORRESPONDENTS IN FRANCE, ITALY, WEST GERMANY, THE NETHERLANDS, BELGIUM AND LUXEMBOURG FOUND A MIXTURE OF CONCERN FOR THE OPENING PHASES, COUPLED WITH GENERAL OPTIMISM OVER THE LONG COURSE.

A GOOD DEAL OF COMFORT COMES FROM THE EUROPEAN COAL AND STEEL COMMUNITY--SCHUMAN PLAN--WHICH HAS GIVEN LITTLE EUROPE A PROGRESSIVELY FREE MARKET IN THOSE BASE PRODUCTS FOR NEARLY SIX YEARS.

INTERVIEWS WITH BIG AND LITTLE BUSINESSMEN, GOVERNMENT ECONOMISTS AND POLITICIANS SHOW THESE CONCERNS AND ULTIMATE HOPES AS EUROPE ADVANCES TOWARD THE END OF THE FREE TRADE RAINBOW:

FRANCE -- FOR THE FRENCH, WITH PERHAPS THE LONGEST HISTORY OF RIGID PROTECTIONISM, THE COMMON MARKET REPRESENTS A CLEAR BREAK WITH THE PAST, A DISTINCT REORIENTATION OF HER ECONOMY.

PROVISIONS OF THE COMMON MARKET TREATY ALSO OFFER THE PROSPECT OF MUCH NEEDED INVESTMENT TO BRING HER STILL SUBSTANTIAL AFRICAN AREAS INTO FULL PRODUCTIVE BLOOM. AS LONG AS THE STUBBORN ALGERIAN REBELLION CONTINUES, FRANCE WILL HAVE LITTLE MONEY FOR DARING DEVELOPMENT SCHEMES OF HER OWN.

MANY OF FRANCE'S HIGHLY PROTECTED INDUSTRIES, OFTEN USING ANTIQUATED PRODUCTION METHODS, HAVE REAL TROUBLE TURNING OUT ITEMS WITH COMPETITIVE PRICE TAGS.

PART OF THE PROBLEM IS RELATIVELY HIGH LABOR COSTS. FRANCE, WHICH EMPLOYS MANY WOMEN IN TEXTILE AND ELECTRICAL INDUSTRIES, IS THE ONLY COUNTRY OF THE SIX PAYING WOMEN ON THE SAME SCALE AS YEN. MEDICAL, SOCIAL SECURITY, UNEMPLOYMENT BENEFITS, INSURANCE AND OTHER COSTS ADD HEAVILY TO THE WAGE COSTS.

JUST LAST SATURDAY THE DE GAULLE GOVERNMENT DEVALUED THE FRANC. THE IMMEDIATE EFFECT WILL BE TO MAKE FRENCH PRODUCTS COST LESS IN FOREIGN CURRENCY. THUS FRENCH ITEMS SHOULD SELL MORE READILY WITHIN THE COMMON MARKET AREA. HOWEVER, AT THE SAME TIME FRANCE ANNOUNCED PRICE INCREASES IN SUCH BASIC ITEMS AS GASOLINE, COAL AND TRANSPORT. THIS CANNOT HELP BUT BE REFLECTED IN PRODUCTION COSTS, SO SOME OF THE ADVANTAGE FROM DEVALUATION WILL BE WIPED OUT.

FRANCE AND A NUMBER OF HER EUROPEAN NEIGHBORS ALSO ANNOUNCED PARTIAL CONVERTIBILITY OF THEIR CURRENCIES, WHICH WILL BE AN OVER-ALL STIMULUS TO TRADE.

FRANCE'S BOOMING AUTO INDUSTRY, WHICH MAY LEAP OVER THE MILLION MARK THIS YEAR, WILL HAVE TO OPEN THE DOMESTIC MARKET TO SOME 18,000 GERMAN AND ITALIAN CARS NEXT YEAR.

BUT THERE IS SOLID OPTIMISM IN FRANCE. WORLD-RENOWNED FRENCH TRADEMARKS, THE UNIVERSAL APPEAL OF FRENCH SKILL, WILL BRING FRANCE THROUGH SOME ADJUSTMENT CRISES.

JEAN VILGRAIN, VICE-PRESIDENT AND DIRECTOR GENERAL OF LES GRANDS MOULINS DE PARIS -- A MAJOR AND LONG-ESTABLISHED FLOUR PRODUCER -- TOLD A REPORTER: "WE ARE IN COMPLETE ACCORD ON THE PRINCIPLE OF THE COMMON MARKET. WE EXPECT NO REAL TROUBLE. THE TRANSITION PERIOD (RANGING FROM 12 TO 15 YEARS) IS REASONABLE. WE SHOULD BE ABLE TO HOLD OUR OWN IN THE INCREASED COMPETITION."

AS IN OTHER COUNTRIES IN THE COMMON MARKET, NATIONAL BUYING PATTERNS AND TRADITIONAL PREFERENCES WILL CUSHION ADJUSTMENT PROBLEMS. HOUSEWIVES AND INDUSTRIALISTS ALIKE, FOR INSTANCE, HAVE PERSONAL LIKES AND DISLIKES WHICH DON'T CRUMBLE EASILY.

ITALY -- FOR SUCH ITALIAN INDUSTRIES AS SEWING MACHINES AND TYPEWRITER MANUFACTURING THE COMMON MARKET IS EXPECTED TO BE A BOON FROM THE START. THEY HAVE ALREADY PROVEN THEMSELVES IN INTERNATIONAL COMPETITION. A MAJOR PORTION OF COSTS OF THE LIGHT MECHANICAL INDUSTRY IS LABOR, AND ITALY HAS A LABOR SURPLUS. HEAVY MECHANICAL INDUSTRIES, WHERE RAW MATERIAL COSTS ARE MORE IMPORTANT, MAY HAVE DIFFICULTY. THESE INCLUDE STEEL MILLS, SHIPYARDS, CHEMICAL PLANTS AND AUTO MAKERS. ITALY, LIKE SEVERAL OTHER COMMON MARKET COUNTRIES, LOOKS FORWARD TO INCREASED FOREIGN INVESTMENT, PARTICULARLY FROM AMERICA AND BRITAIN. ITALY'S LOCATION, RELATIVELY STABLE ECONOMY AND BIG LABOR POOL SHOULD PROVE ATTRACTIVE.

ERNESTO RADAELLI, CO-OWNER OF A SMALL MILAN ALUMINUM FACTORY, SHOWS MORE OPTIMISM THAN MANY OTHER SMALL BUSINESSMEN. "WE ARE EXPECTING THE GREATEST BENEFITS," HE EXULTS. "WE ARE SO HOPEFUL THAT WE HAVE ALREADY PURCHASED ENOUGH GROUND TO DOUBLE OUR FACTORY'S SIZE SOMETIME IN THE FUTURE. THE FACT IS THAT OUR PRICES ARE WELL UNDER THOSE NOW ASKED BY OUR FOREIGN COMPETITORS -- USUALLY 20 TO 30 PER CENT LESS. THE REASON IS THAT MANPOWER IN ITALY COSTS LESS, WHILE OUR RAW MATERIAL COSTS ARE ABOUT THE SAME ALL OVER EUROPE."

RADAELLI'S FAITH IN THE COMMON MARKET IS SO FIRM THAT HE HAS ORDERED A \$10,000 X-RAY MACHINE FROM GERMANY TO CHECK HIS PRODUCTS BEFORE DELIVERY.

WEST GERMANY -- THE STRAPPING INDUSTRIAL GIANT OF THE COMMON MARKET HAS ITS WORRIES. ECONOMIC EXPERTS SAY IT IS FAR TOO EARLY TO DISCUSS THE FULL IMPACT OF THE COMMON MARKET, BUT CERTAIN LIKELIHOODS CAN BE FORESEEN. IT IS EXPECTED THAT THE LEATHER, GLASSWARE AND CERAMICS INDUSTRIES WILL SUFFER FROM STIFF ITALIAN COMPETITION.

THE STEEL INDUSTRY IS LIKELY TO BE AFFECTED BECAUSE THE FRENCH MILLS ARE CLOSER TO INDUSTRIAL SITES IN SOUTHERN GERMANY THAN THE RUHR MILLS.

SOME INDUSTRIES MAY GO UNDER. CERTAINLY MANY WILL BE FORCED TO MAKE ELABORATE CHANGES. AMONG DEVELOPMENTS FORESEEN IS A TENDENCY TOWARD CONCENTRATION OF INDUSTRY.

THE VIEW THAT THE WEST GERMANS ARE SURE TO GAIN IN THE AUTOMOTIVE INDUSTRY IS SEEN AS UNREALISTIC. HEAVY COMPETITION FROM FIAT IN ITALY AND FROM RENAULT AND CITROEN IN FRANCE IS CONSIDERED A DISTINCT POSSIBILITY, PERHAPS EVEN TO THE DETRIMENT OF VOLKSWAGEN.

WEST GERMANY IS THE ONLY COMMON MARKET COUNTRY BORDERING ON SOVIET EASTERN EUROPE. BUT BONN OFFICIALS SAY ECONOMIC AND POLITICAL PENETRATION OF WESTERN EUROPE HAS BEEN NEGLIGIBLE IN THE PAST AND DOES NOT ENTER INTO THE COMMON MARKET QUESTION.

ONE OF ECONOMICS MINISTER LUDWIG ERHARD'S TOP AIDES SUMS UP THE COMMON MARKET THIS WAY: "IT IS NOT AGAINST ANYTHING OR ANYONE. IT IS FOR EUROPEAN COOPERATION. IT IS POSITIVE AND NOT A NEGATIVE THING. SUCCESS OF THE COMMON MARKET OF COURSE WILL EMBARRASS THE RUSSIANS, BUT IT WON'T HURT THEM ECONOMICALLY."

THE NETHERLANDS--FOR THE DUTCH, THE COMMON MARKET IS A PAINFUL AFFAIR. NONE OF THE SIX NATIONS NEEDS FULLY OPEN COMMERCE MORE. HOLLAND FEARS THE COMMON MARKET MIGHT BECOME A TOP-HEAVY ORGANIZATION FOR CONSOLIDATION OF FRENCH-GERMAN INTERESTS.

FOR CENTURIES THERE HAS BEEN A CLOSE COMMERCIAL RELATIONSHIP WITH BRITAIN. THE NETHERLANDS IS BRITAIN'S BEST CUSTOMER IN EUROPE, AND NOW THE DUTCH WILL HAVE TO TURN MORE TO HER FIVE CONTINENTAL PARTNERS. THE DUTCH TOBACCO INDUSTRY, INCLUDING MANY SMALL FIRMS, WILL

BE IN TROUBLE AS LOW EXTERNAL TARIFFS FOR RAW MATERIAL GO UP TO THE AVERAGE OF THOSE IN THE OTHER FIVE COMMON MARKET COUNTRIES. IT MAY BE DISASTROUS FOR DUTCH CIGAR MAKERS.

BELGIUM AND LUXEMBOURG -- FOR BELGIUM THE COMMON MARKET WILL HAVE LITTLE IMMEDIATE IMPACT BECAUSE SHE HAS THE LOWEST PRESENT TARIFFS IN THE COMMUNITY.

HER MAIN EXPORT MARKET IS OUTSIDE THE MARKET AREA FOR MANY PRODUCTS. IN THE LONG RUN, HOWEVER, MANY SMALL COMPANIES WILL PROBABLY FIND IT IMPOSSIBLE TO COMPETE ALONE. BELGIUM ON THE OTHER HAND IS BECOMING A CHOICE SITE FOR ESTABLISHMENT OF AMERICAN SUBSIDIARIES.

LUXEMBOURG'S MAIN INDUSTRIAL ACTIVITY IS STEEL, WHICH IS CONTROLLED BY THE COAL AND STEEL POOL. THE COMMON MARKET WILL HAVE LITTLE IMMEDIATE EFFECT. THE INDIVIDUAL LUXEMBOURGER WILL BENEFIT IN THE LONG RUN FROM LOWER CONSUMER PRICES AND A GREATER VARIETY OF CONSUMER GOODS.

-DASH-

TOMORROW: U.S. HOPES FOR THE BEST
END ADVANCE FOR AMS OF TUESDAY DEC. 30--MOVED DEC. 27
SM1029PES

A135

FIRST LEAD NATO A115
PARIS, DEC 29 (AP)--THE NORTH ATLANTIC ALLIANCE TODAY UNANIMOUSLY APPROVED THE FINAL DRAFTS OF NOTES FROM THE WESTERN BIG THREE AND WEST GERMANY REJECTING SOVIET PRESSURE ON BERLIN.
THE NOTES ARE TO BE SENT TO MOSCOW BEFORE JAN. 1.
THE STIFF REPLIES TO PREMIER NIKITA KHRUSHCHEV'S PROPOSAL TO CONVERT WEST BERLIN INTO A DEMILITARIZED FREE CITY WERE AGREED UPON IN PRINCIPLE AT THE NATO FOREIGN MINISTERS CONFERENCE HERE DEC. 18.
TODAY'S INDORSEMENT WAS BY THE NATO COUNCIL.
(NO PICKUP)

KM1156AES

A135

FIRST LEAD BERLIN (190)
LONDON, THUESDAY, DEC. 30 (AP)--MOSCOW RADIO TOLD ENGLISH-LANGUAGE LISTENERS TODAY RUSSIA WILL NOT RETREAT FROM ITS PLANS TO MAKE WEST BERLIN A FREE CITY. AN EARLIER BROADCAST, BEAMED TO GERMANY, SAID THE SOVIET UNION WAS READY TO TALK OVER THE WEST'S PROPOSALS ON BERLIN.
THE TOUGH LINE OF THE ENGLISH BROADCAST CONTRASTED WITH THE STATEMENT BEAMED AT GERMANY, WHICH APPARENTLY WAS MEANT TO SMOOTH OUT FOREIGN MINISTER ANDREI GROMYKO'S RECENT WARNING THAT BERLIN COULD SET OFF A THIRD WORLD WAR.
"IF IT IS A QUESTION OF WHO SHOULD RETREAT ON THE PROBLEM OF BERLIN, IT OBVIOUSLY IS NOT THE U.S.S.R., WHOSE POSITION ON THE MATTER HAS BEEN HUMANE AND CONSISTENT," THE ENGLISH-LANGUAGE BROADCAST SAID.
IT CALLED FOR WESTERN RECOGNITION OF COMMUNIST EAST GERMANY, A CONCESSION THE WEST SO FAR HAS BEEN ABSOLUTELY UNWILLING TO MAKE.
IT SCOFFED AT WESTERN SUGGESTIONS THAT RUSSIA WAS LOOKING FOR A FACE-SAVING COMPROMISE. IT SAID THE WEST HAD "LOST FACE LONG AGO BOTH IN THE GERMAN QUESTION IN GENERAL AND THE BERLIN QUESTION IN PARTICULAR."
THE GERMAN BROADCAST, HOWEVER, ASSERTED THAT ALTHOUGH THE SOVIETS HAD SUBMITTED THEIR OWN BERLIN PLAN, RUSSIA "IS BY NO MEANS UNWILLING TO LISTEN TO AND DISCUSS ANY VIEWS WHICH THE WESTERN POWERS MAY HOLD IN THIS CONNECTION."

IT DENIED THE WESTERN INTERPRETATION THAT GROMYKO ISSUED AN ULTIMATUM TO BACK THE SOVIET DEMAND THAT WEST BERLIN BE TURNED INTO A DEMILITARIZED FREE CITY.

"AS GROMYKO HAS EMPHASIZED," THE RADIO SAID, "THE SOVIET GOVERNMENT IS NOT LACKING IN A DESIRE TO BRING ABOUT AN AGREED SETTLEMENT OF THIS PROBLEM--IT IS THE WESTERN POWERS WHICH ARE, UNFORTUNATELY, LACKING IN THIS DESIRE."

"UP TO THE PRESENT, THEIR PROGRAM HAS AMOUNTED TO ONE THING AND ONE THING ALONE--WE SHALL NOT LEAVE WEST BERLIN. EVERYTHING MUST REMAIN AS HERETOFORE, OR ELSE WE SHALL FIGHT."

THE BROADCAST SAID THE SOVIET UNION HAD NOTED IN POST-CHRISTMAS NEWSPAPERS OF THE WEST "SIGNS OF A GROWING DESIRE TO APPROACH THE BERLIN PROBLEM IN A MORE SOBER FRAME OF MIND."

HOWEVER, IT CHARGED, WEST GERMAN OFFICIALS IN BONN HAVE DECIDED "TO BE MORE POPISTH THAN THE POPE AND TO KEEP ALIVE A WAR PSYCHOSIS IN CONNECTION WITH BERLIN."

QR655PES

A65

(200)
BERLIN, DEC. 29 (AP)--A TOP OFFICIAL OF A PRIVATE WEST BERLIN INTELLIGENCE AGENCY HAS BEEN ARRESTED ON SUSPICION OF BEING A COMMUNIST SPY.

WEST BERLIN POLICE SAID THE MAN IS DR. KURT WERNER, 59, HEAD OF AN ECONOMIC SECTION OF THE LEAGUE OF FREE JURISTS.
THE FREE JURISTS--AN ORGANIZATION WHICH HAS RECEIVED MORAL AND FINANCIAL SUPPORT FROM PROMINENT LAWYERS IN THE WESTERN WORLD--GATHERS EVIDENCE OF LEGAL INJUSTICE IN COMMUNIST EAST GERMANY. IT HAS WIDESPREAD UNDERGROUND CONTACTS IN THE EAST.

WERNER KNEW THE NAMES OF SOME OF THESE UNDERGROUND CONTACTS, AND POLICE SUSPECT HIM OF HAVING GIVEN THE EAST GERMAN SECRET POLICE INFORMATION ON THEM. A SPOKESMAN FOR THE FREE JURISTS SAID THREE OF THEIR CONTACTS HAVE BEEN ARRESTED AS A RESULT OF WERNER. FIVE OTHERS WERE ABLE TO FLEE TO WEST BERLIN.

WERNER HAD BEEN WORKING FOR THE FREE JURISTS SINCE MAY 1956, WHEN HE AND HIS FAMILY CAME TO WEST BERLIN AS REFUGEES. HE WAS ARRESTED DEC. 19 BUT HAD BEEN UNDER SUSPICION FOR THE PAST YEAR.

THE FREE JURISTS SAID HE HAD GIVEN THEM A FULL CONFESSION. BUT AFTER HIS ARREST HE CLAIMED IT HAD BEEN MADE UNDER PRESSURE AND WAS UNTRUE.

BJ645AES

A109

(110)
BERLIN, DEC. 29 (AP)--WEST BERLIN'S DENAZIFICATION COURT TODAY ORDERED HITLER'S ECONOMICS MINISTER, WALTER FUNK, TO PAY A FINE OF 10,900 MARKS (\$2,594) FOR HIS NAZI ACTIVITIES.

THE COURT SAID THE FINE WAS EQUAL TO THE VALUE OF THE PROPERTY--BANK ACCOUNTS--WHICH FUNK STILL HAS IN WEST BERLIN.

THE COURT DECLARED THE 68-YEAR-OLD FUNK HAD BEEN RESPONSIBLE FOR MUCH THAT WENT ON UNDER THE NAZIS. THE COURT SINGLED OUT DECREES WHICH STRIPPED JEWS OF THEIR PROPERTY AND DOOMED THEM TO RUIN.

FUNK, WHO NOW LIVES IN FRANKFURT, WEST GERMANY, WAS NOT PRESENT FOR THE SENTENCE.

HE HAS BEEN LIVING IN WEST GERMANY SINCE 1957 WHEN THE RUSSIANS AND THE ALLIES RELEASED HIM FROM SPANDAU WAR CRIMES PRISON FOR HEALTH REASONS.

J1006AES

516

ADVANCE FOR USE AT 8 P.M., EST TODAY

(ADVANCE) COLOGNE, GERMANY, DEC. 29 (AP)--A WEST GERMAN BUSINESS LEADER

TODAY DEMANDED THAT THE SIX-NATION COMMON MARKET BE SUPPLEMENTED BY A LARGER FREE TRADE AREA IN EUROPE.

FRITZ BERG, PRESIDENT OF THE FEDERATION OF GERMAN INDUSTRIES, SAID "WE SHOULD KEEP CLEAR OF THE DANGER OF PRESENTING THE WORLD THE EMBARRASSING PICTURE OF DISHARMONY WHEN THE UNITY OF A FREE EUROPE IS OF VITAL IMPORTANCE."

EUROPEAN INTEGRATION, HE SAID, IS A PRECONDITION FOR STRENGTHENING THE POSITION OF FREE ENTERPRISE ON WORLD MARKETS. IT IS THE FREE WORLD'S ANSWER TO THE RED BLOC'S ECONOMIC CHALLENGE, HE ADDED. END ADVANCE FOR USE 8 P.M. EST TODAY.

UN304PES

B35 Q BONN, GERMANY, DEC. 29 (AP)-A DELEGATION OF WEST GERMAN GOVERNMENT EXPERTS TODAY PUT OFF INDEFINITELY A TRIP TO CAIRO TO SURVEY THE ASWAN DAM PROJECT.

A GOVERNMENT SPOKESMAN SAID THE TRIP WAS BEING DELAYED TO GIVE BONN AUTHORITIES AN OPPORTUNITY TO STUDY DETAILS OF AN AGREEMENT BETWEEN THE SOVIET UNION AND THE UNITED ARAB REPUBLIC UNDER WHICH THE RUSSIANS WOULD FINANCE THE FIRST STAGE OF BUILDING THE DAM.

THE BONN DELEGATION UNDER HANS KORFF, MINISTERIAL DIRECTOR IN THE FINANCE MINISTRY, HAD BEEN SCHEDULED TO LEAVE HERE NEXT SATURDAY. WD912AES

A112 (150)

NAPLES, ITALY, DEC. 29 (AP)-JOSEPH JOANOVICI, ROMANIAN-BORN SCRAP-IRON KING EXPELLED FROM ISRAEL, ARRIVED HERE TODAY ABOARD A SHIP BOUND FOR MARSEILLE.

THE 53-YEAR-OLD MILLIONAIRE INDICATED HE WOULD FIGHT ATTEMPTS TO TAKE HIM OFF THE SHIP IN FRANCE, WHERE HE IS WANTED FOR FLEEING FROM A FINE OF \$2,600,000. HE WAS CHARGED WITH COOPERATING WITH THE GERMANS DURING THEIR OCCUPATION OF THE COUNTRY IN WORLD WAR II.

ISRAEL ORDERED HIM TO LEAVE THE COUNTRY IN AUGUST. JOANOVICI PROTESTED THAT HE HAD BEEN PLACED ABOARD THE ISRAELI SHIP THEODOR HERZL WITHOUT JUSTIFICATION "BECAUSE THERE IS NO EXTRADITION AGREEMENT BETWEEN ISRAEL AND FRANCE."

JOANOVICI'S PARIS ATTORNEY, CHARLES DELAUNEY, BOARDED THE SHIP HERE AND PLANS TO TRAVEL WITH HIM TO MARSEILLE.

THE SCRAP-IRON DEALER TOLD NEWSMEN HE WAS TRAVELING ABOARD THE ISRAELI BOAT AS A DEPORTEE AND INSISTED HE IS NOT COMPELLED TO LEAVE THE BOAT AT MARSEILLE.

"YOU WILL PROBABLY SEE ME AGAIN ON THE RETURN VOYAGE," HE SAID. J1016AES

A46 (140)

BUDAPEST, DEC. 29 (AP)-CARL HARTMAN, ASSOCIATED PRESS CORRESPONDENT, WILL BE BARRED FROM WORKING HERE AFTER JAN. 31.

THE GOVERNMENT TOLD HARTMAN TODAY THAT HIS CREDENTIALS WILL NOT BE EXTENDED.

HARTMAN, AN ASSOCIATED PRESS REPORTER FOR 14 YEARS, IS THE ONLY AMERICAN CITIZEN REGULARLY STATIONED HERE AS A CORRESPONDENT. HE HAS BEEN IN BUDAPEST SINCE JANUARY 1957.

PETER VARKONYI, PRESS CHIEF OF THE HUNGARIAN FOREIGN MINISTRY, SAID THE GOVERNMENT WOULD CONSIDER AN APPLICATION FOR ANOTHER AP CORRESPONDENT AS A REPLACEMENT. HE SAID HARTMAN'S STORIES HAD "HURT THE PRESTIGE OF HUNGARIAN CULTURAL PERSONALITIES," AND THAT THE CORRESPONDENT IN DEALING WITH LAST NOVEMBER'S ELECTION "HAD HURT HUNGARIAN-AMERICAN RELATIONS." HE DECLINED TO SAY EXACTLY WHAT STORIES WERE CONSIDERED OBJECTIONABLE.

KS517PES

30.24- 5681

A137 (120)

BUDAPEST, DEC. 29 (AP)-MINISTER OF STATE ISTVAN BIBO, THE LAST OFFICIAL TO HOLD OUT IN THE 1956 REVOLT, IS SERVING A TERM OF LIFE IMPRISONMENT, OFFICIALS SAID TODAY.

BIBO WAS THE LAST MEMBER OF PREMIER IMRE NAGY'S REGIME TO REMAIN AT GOVERNMENT HEADQUARTERS ON NOV. 4 1956, WHEN SOVIET TANKS ROLLED BACK INTO THE CAPITAL. NAGY HAD ALREADY SOUGHT REFUGE IN THE YUGOSLAV EMBASSY AND HAS SINCE BEEN EXECUTED.

A LEADER OF THE NATIONAL PEASANT PARTY, BIBO'S LAST ACT AS THE TANKS BORE DOWN WAS TO PUT OUT AN APPEAL TO THE WORLD. HE WAS ALLOWED TO GO FREE FOR A WHILE, BUT WAS ARRESTED IN THE SPRING OF 1957.

THE LIFE SENTENCE GIVEN BIBO WAS COMMON KNOWLEDGE AMONG WELL-INFORMED PEOPLE IN BUDAPEST. BUT OFFICIALS DISCLAIMED ALL KNOWLEDGE OF HIS FATE UNTIL TODAY.

B11 (Q)

KM1202PES

GAZA, DEC. 29 (AP)-AN ISRAELI-EGYPTIAN MIXED ARMISTICE COMMISSION--BOYCOTTED BY ISRAEL--TODAY CONDEMNED ISRAEL FOR VIOLATING EGYPTIAN AIR SPACE ON DEC. 20.

THE COMMISSION MET UNDER THE CHAIRMANSHIP OF COL. H. NORSTON OF SWEDEN.

EACH SIDE ACCUSED THE OTHER OF VIOLATING AIR SPACE ON DEC. 20. THE ISRAELIS SAID THEY SHOT DOWN AN EGYPTIAN PLANE IN A JET AIR BATTLE.

K309PES

A102 (340)

AMMAN, JORDAN, DEC. 29 (AP)-JORDAN'S GOVERNMENT RADIO IS NEEDLING PRESIDENT NASSER ABOUT HIS ATTACK LAST WEEK ON COMMUNISM. PROSPECTS FOR MEDIATION IN THE OLD FEUD BETWEEN THIS KINGDOM AND THE UNITED ARAB REPUBLIC SEEMED DOOMED.

ABDUL MUNEM RIFAI, DIRECTOR OF NATIONAL GUIDANCE AND YOUNGER BROTHER OF PREMIER SAMIR RIFAI, IS DOING THE TALKING.

IN A BROADCAST LAST NIGHT RIFAI QUESTIONED THE GENUINENESS OF THE ATTACK BY THE UNITED ARAB REPUBLIC'S LEADER ON SYRIAN REDS IN NASSER'S PORT SAID SPEECH LAST TUESDAY. RIFAI SAID THIS ATTACK, WHICH WAS WELCOMED BY JORDAN'S PRESS, REFLECTED NASSER'S PERSONAL INTEREST. HE URGED ARAB PUBLIC OPINION NOT TO BE PERPLEXED.

TONIGHT RIFAI SAID POLITICAL LOGIC IS LACKING BECAUSE THE U.A.R. IS RECEIVING RUSSIAN AID FOR SUCH THINGS AS THE ASWAN HIGH DAM "AND RUSSIAN EXPERTS FLOCK INTO THE EGYPTIAN REGION."

"IT IS STRANGE THAT CERTAIN ARAB POLITICIANS ATTEMPT TO IMPOSE ON ARAB PUBLIC OPINION A FALSE IMPRESSION THAT COMMUNISM AND SOVIET RUSSIA ARE TWO DIFFERENT THINGS," HE SAID, "IN ORDER TO COVER THEIR RELATIONS WITH THE BASE OF COMMUNISM, CAPITAL OF ITS REGIME AND ORIGINATOR OF ITS DOCTRINE."

THE GOVERNMENT PRESS OFFICE ISSUED A COMMUNIQUE DENYING RUMORS THAT WRITTEN MESSAGES EXCHANGED RECENTLY BETWEEN JORDAN'S KING HUSSEIN AND LEBANON'S PRESIDENT FUAD CHEHAB CONCERNED LEBANESE MEDIATION BETWEEN JORDAN AND THE U.A.R.

THE COMMUNIQUE, HOWEVER, DID NOT RULE OUT THE POSSIBILITY THAT MEDIATION MIGHT HAVE BEEN DISCUSSED ORALLY THROUGH MOHAMMED SABRA, LEBANON'S AMBASSADOR TO JORDAN. IT SAID JORDAN'S POLICY CALLS FOR ARAB BROTHERHOOD AND "THE ELIMINATION OF THE CAUSES OF DIFFERENCES."

U.N. SECRETARY GENERAL DAG HAMMARSKJOLD, MAKING A YULETIDE VISIT TO THE MIDDLE EAST, MAY BE FILLED IN ON THESE AND OTHER PROBLEMS ON HIS ARRIVAL IN AMMAN SATURDAY.

A DELEGATION OF PALESTINE ARAB REFUGEES FROM THE NABLUS AREA TODAY PRESENTED THE GOVERNMENT A NOTE DECLARING THOSE REFUGEES PLAN A PEACEFUL MARCH TO THEIR OLD HOMES IN ISRAEL. THEY SET NO DATE. THEY ASKED PERMISSION TO SEE HAMMARSKJOLD ON HIS ARRIVAL.

JR849PES

B45 (Q)

(140)

PANMUNJOM, KOREA, DEC. 29 (AP)-COMMUNIST NORTH KOREA TODAY OFFERED TO LET SOUTH KOREANS FISH INSIDE CERTAIN OF HER TERRITORIAL WATERS PROVIDED THEY CAME IN SMALL, UNARMED WOODEN BOATS FLYING WHITE FLAGS. CHIEF NORTH KOREAN DELEGATE MAJ. GEN. KANG PUT THE PROPOSAL BEFORE THE MILITARY ARMISTICE COMMISSION TO HELP WHAT HE CALLED "DESTITUTE" SOUTH KOREAN FISHERMEN. HE DID NOT DEFINE NORTH KOREA'S TERRITORIAL WATERS.

IN TWO MONTHS 54 SOUTH KOREAN FISHERMEN HAVE BEEN SEIZED BY COMMUNIST SEA PATROLS AND 28 ARE STILL BEING HELD. THEY HAVE BEEN THE SUBJECT OF NEGOTIATIONS IN THE ARMISTICE COMMISSION.

U.S. REAR ADM. IRA H. NUNN, LEADER OF THE UNITED NATIONS COMMAND (U.N.C.), TOLD THE COMMUNIST DELEGATE HE WOULD CONSIDER HIS PROPOSITION, SOLELY IN THE INTERESTS OF THE WELFARE OF SOUTH KOREAN FISHERMEN.

BUT, HE EXPLAINED "I SUSPECT YOUR STATEMENT IS BEYOND THE SCOPE OF THIS COMMISSION."

NEITHER THE U.N.C. NOR THE SOUTH KOREAN GOVERNMENT RECOGNIZES THE RED REGIME IN PYONGYANG TO CARRY OUT DIPLOMATIC NEGOTIATIONS.

LS1108AES

A121

NIGHT LEAD CHINA

TAIPEI, TUESDAY, DEC. 30 (AP)-THE REDS SHOT 2,070 ROUNDS OF ARTILLERY FIRE AT THE QUEMOYS MONDAY. THE NATIONALIST DEFENSE MINISTRY ANNOUNCED TODAY. THE NATIONALIST DEFENDERS OF THE OFFSHORE ISLANDS RETURNED THE FIRE.

AS1002PES

B20 (SEG)

(200)

TAIPEI, DEC. 29 (AP)-A NATIONALIST CABINET MEMBER CLAIMED TODAY THAT THE CHINESE COMMUNISTS HAVE SUFFERED 65,000 TO 70,000 CASUALTIES IN TIBET AND NEIGHBORING AREAS OF CHINA SINCE THE REDS TOOK OVER THE MAINLAND IN 1949.

LI YUNG-HSIN, CHAIRMAN OF THE MONGOLIAN AND TIBETAN AFFAIRS COMMISSION, ALSO ESTIMATED THAT 5,000 TO 10,000 ANTI-COMMUNIST TIBETANS HAD BEEN KILLED SINCE THE COMMUNISTS INVADDED THE REMOTE MOUNTAIN AREA IN 1950.

LI IN AN INTERVIEW GAVE NO BREAKDOWN BETWEEN COMMUNIST DEAD AND WOUNDED. HE SAID THE RED CASUALTIES HAD OCCURRED IN CLASHES IN TIBET, IN THE WEST CHINA PROVINCES OF TSINGHAI, SINKIANG AND KANSU AND IN INNER MONGOLIA.

THE NATIONALIST OFFICIAL GAVE SEVERAL INSTANCES OF REBELLION AGAINST THE COMMUNISTS. THESE WERE AMONG HIS CLAIMS, WHICH THERE IS NO WAY OF VERIFYING:

ANTI-COMMUNIST FORCES CAPTURED THE TOWN OF TSETANG, 60 MILES SOUTHEAST OF LHASA, THE TIBETAN CAPITAL IN THE MIDDLE OF OCTOBER. THEY WERE FORCED TO WITHDRAW AFTER THE COMMUNISTS COUNTERATTACKED WITH REINFORCEMENTS. THE COMMUNISTS SUFFERED SEVERAL HUNDRED CASUALTIES.

HEAVY FIGHTING WHICH LASTED 10 DAYS OCCURRED IN MARCH THIS YEAR AT HOTIEN, IN SOUTHERN SINKIANG. BOTH SIDES SUFFERED HEAVY CASUALTIES.

VS558AES

A101

TOKYO, TUESDAY, DEC. 30 (AP)-PEIPING RADIO REPORTED THE SIGNING OF AN AGREEMENT TODAY IN WHICH COMMUNIST CHINA HAS PLEDGED A 150 MILLION RUBLE LONG-TERM ECONOMIC LOAN TO THE NEIGHBORING RED-CONTROLLED STATE OF MONGOLIA.

THIS IS EQUAL TO 37 1/2 MILLION DOLLARS AT THE OFFICIAL EXCHANGE RATE OF FOUR RUBLES TO THE DOLLAR.

THE LOAN IS PART OF AN ECONOMIC AND TECHNICAL AID AGREEMENT SIGNED IN PEIPING UNDER WHICH RED CHINA WILL HELP MONGOLIA BUILD TWO ELECTRIC POWER STATIONS, THREE CONCRETE HIGHWAY BRIDGES, A POULTRY FARM, A STARCH AND ALCOHOL FACTORY, A METAL WORKSHOP AND A HOUSING PROJECT.

MONGOLIA WILL RETURN THE LOAN IN THE FORM OF COMMODITIES OVER A 15-YEAR PERIOD.

JB843PES

A129WX (ADV)

ADVANCE FOR 7 P.M. EST MONDAY DEC. 29 (CQ) NOTE DATE BANK AND FUND (650)

(ADVANCE) WASHINGTON, DEC. 29 (AP)-HUGE INCREASES IN THE FINANCIAL RESOURCES OF THE WORLD BANK AND INTERNATIONAL MONETARY FUND WERE RECOMMENDED BY THE TWO LENDING INSTITUTIONS TODAY TO THEIR 68 MEMBER NATIONS.

THE BANK'S AUTHORIZED CAPITAL WOULD BE MORE THAN DOUBLED--FROM 10 BILLION DOLLARS TO 21 BILLION--BUT THE NEW MONEY WOULD BE PLEDGED BY MEMBER COUNTRIES, NOT PUT UP IN CASH.

THE MONETARY FUND'S \$9,193,000,000 (B) POOL OF GOLD AND CURRENCIES WOULD BE BOOSTED BY A 50 PER CENT INCREASE IN THE CONTRIBUTION OF EACH NATION. THESE QUOTAS WOULD BE PAID IN GOLD AND CASH.

IN ADDITION, THREE COUNTRIES--CANADA, JAPAN AND FEDERAL REPUBLIC OF GERMANY--WOULD SUBSCRIBE PROPORTIONATELY LARGER SHARES TO BOTH BANK AND FUND. EACH COUNTRY'S QUOTAS IS BASED ON ITS WEALTH; THESE THREE HAVE SHOWN RAPID RECENT GROWTH IN NATIONAL INCOME AND TRADE, AND THEIR CURRENCIES ARE IN GREATER DEMAND.

THE UNITED STATES QUOTA IN THE FUND WOULD BE INCREASED TO \$4,125,000,000 (B), FROM \$2,750,000,000 (B).

THE AMERICAN SUBSCRIPTION TO THE BANK, AMOUNTING TO ABOUT 30 PER CENT OF THE INSTITUTION'S TOTAL CAPITAL, WOULD RISE FROM \$2,540,000,000 (B) TO \$5,080,000,000 (B). EACH COUNTRY'S SUBSCRIPTION WOULD BE DOUBLED; THE AUTHORIZED CAPITAL WOULD INCREASE TO 20 BILLION DOLLARS, BUT THE DIRECTORS DECIDED TO ADD ANOTHER ONE BILLION TO TAKE CARE OF NEW NATIONS WHICH MAY JOIN THE BANK.

CONGRESS WOULD HAVE TO APPROVE THE INCREASE IN THE U.S. QUOTAS. WHETHER THERE WOULD BE APPRECIABLE RESISTANCE--ESPECIALLY TO THE \$1,375,000,000 OF NEW MONEY FOR THE FUND--WAS UNCERTAIN.

BUT THE PROPOSALS FOR THE INCREASES CAME FROM THIS COUNTRY, WHICH NATURALLY PREFERS THAT OTHER COUNTRIES SHARE WITH IT THE COSTS AND RISKS OF LENDING TO STABILIZE FREE WORLD CURRENCIES, THROUGH THE MONETARY FUND, AND TO FINANCE INDUSTRIAL PROJECTS IN UNDERDEVELOPED COUNTRIES, THROUGH THE WORLD BANK.

SECRETARY OF THE TREASURY ANDERSON, THE UNITED STATES GOVERNOR OF THE WORLD BANK, PROPOSED THE INCREASES AT THE ANNUAL MEETING OF THE BOARDS OF GOVERNORS OF THE BANK AND THE MONETARY FUND IN NEW DELHI IN OCTOBER.

THE GOVERNORS, WHO IN MOST CASES ARE THE FINANCE MINISTERS OF THE MEMBER COUNTRIES, UNANIMOUSLY DIRECTED THE EXECUTIVE DIRECTORS OF THE INSTITUTIONS, SITTING IN WASHINGTON, TO DRAFT SPECIFIC PROPOSALS FOR ENLARGING THEIR RESOURCES. TODAY'S REPORTS ARE THE RESULT.

THE FUND'S GOVERNORS WILL VOTE BY FEB. 2. ON WHETHER TO ADOPT THE PROPOSALS AS FORMAL RECOMMENDATIONS TO THEIR GOVERNMENTS. THE BANK'S GOVERNORS ARE TO COMPLETE THEIR VOTES BY NEXT SEPT. 15, TO ALLOW TIME FOR THE LEGISLATIVE ACTION WHICH IS REQUIRED IN MANY COUNTRIES.

IN THE WORLD BANK'S CASE, NEW CASH IS NOT NECESSARY BECAUSE THE BANK CAN BORROW MONEY BY ISSUING ITS OWN BONDS. EACH MEMBER GOVERNMENT THEREFORE IS BEING ASKED TO GIVE A LARGER GUARANTEE OF CAPITAL AS SECURITY FOR THE BANK'S BORROWING.

WITH THIS ADDITIONAL SECURITY BEHIND ITS BONDS, THE BANK WILL BE ABLE TO ATTRACT MORE FUNDS FROM PRIVATE INVESTORS, TO BE LENT OUT IN UNDERDEVELOPED COUNTRIES.

THE FUND REQUIRES CASH INSTEAD OF PLEDGES BECAUSE IT CAN NOT SUPPLEMENT ITS RESOURCES WITH OUTSIDE BORROWING. IT IS SIMPLY A READY RESERVE OF GOLD, DOLLARS AND OTHER CURRENCIES. THESE MUST BE AVAILABLE WHENEVER A COUNTRY MAKES AN EMERGENCY CALL FOR DOLLARS OR OTHER FOREIGN EXCHANGE NEEDED TO MEET ITS PAYMENTS FOR IMPORTS.

FREQUENTLY A CREDIT IN THE IMF IS SET UP AND NEVER USED, BUT THE MONEY MUST BE THERE IN CASE OF NECESSITY.

THE MERE FACT THAT A COUNTRY HAS DOLLARS MARKED AND READY TO BE DRAWN MAY BE SUFFICIENT TO BOLSTER CONFIDENCE IN THAT COUNTRY'S ABILITY TO MEET ITS FOREIGN TRADE OBLIGATIONS.

HOLDERS OF ITS CURRENCY ARE LESS LIKELY TO DEMAND THAT IT BE CONVERTED INTO DOLLARS, THUS DRAINING THE COUNTRY'S RESERVES OF GOLD AND DOLLARS AND WEAKENING ITS CURRENCY.

BRITAIN, FOR INSTANCE, NEVER EXPECTS TO DRAW THE 738 MILLION DOLLAR LINE OF CREDIT WHICH IT HAS AVAILABLE IN THE IMF. BUT THE EXISTENCE OF THIS RESERVE GIVES THE BRITISH MONEY MANAGERS GREATER CONFIDENCE THAT THEY CAN MEET A SITUATION ARISING FROM THEIR DECISION ON SATURDAY, ALONG WITH OTHER EUROPEAN COUNTRIES TO MAKE THEIR CURRENCY FREELY EXCHANGEABLE FOR OTHER CURRENCIES.

END ADVANCE FOR 7 PM EST (CQ) MONDAY DEC. 29, NOTE DATE

C7808PES

A83WX

(180) WORTHY

WASHINGTON, DEC. 29 (AP)-WILLIAM WORTHY, WHO HAS BEEN UNABLE TO GET HIS PASSPORT RENEWED SINCE HE VISITED RED CHINA AND HUNGARY IN THE WINTER OF 1956-57, TODAY CHALLENGED THE RIGHT OF THE STATE DEPARTMENT TO RESTRICT A NEWSMAN'S TRAVEL.

WORTHY, IN AN APPEAL FILED IN THE U. S. COURT OF APPEALS HERE, CONTENDED THAT REFUSAL TO PERMIT RESPONSIBLE AND ACCREDITED NEWSMEN TO TRAVEL TO CERTAIN AREAS OF THE WORLD IS AN ABRIDGMENT OF THE FIRST AMENDMENT GUARANTEE OF FREEDOM OF THE PRESS.

THE AMERICAN CIVIL LIBERTIES UNION IS SUPPORTING WORTHY'S APPEAL FROM A RULING LAST JUNE 23 BY U. S. DISTRICT JUDGE EDWARD M. CURRAN. JUDGE CURRAN, RULING IN THE GOVERNMENT'S FAVOR, HELD THE STATE DEPARTMENT HAD IN THE CONDUCT OF FOREIGN RELATIONS THE POWER TO RESTRICT TRAVEL OF U. S. CITIZENS TO CERTAIN GEOGRAPHICAL AREAS.

THE APPEAL BRIEF QUOTED SECRETARY OF STATE DULLES TO THE EFFECT THAT THE CONSTITUTIONAL GUARANTEE OF FREEDOM OF THE PRESS RELATES TO PUBLICATION, AND NOT THE GATHERING OF NEWS.

"THIS STATEMENT, IF IMPLEMENTED, WOULD AMOUNT TO A COMPLETE PERVERSION OF THE FREEDOM OF THE PRESS GUARANTEES OF THE CONSTITUTION," THE BRIEF SAID.

WORTHY IS A FOREIGN CORRESPONDENT FOR THE BALTIMORE AFRO-AMERICAN, AND HAS SERVED AS A SPECIAL CORRESPONDENT FOR THE NEW YORK POST AND THE COLUMBIA BROADCASTING SYSTEM.

ER733PES

A14WX

95

(WX LOCALS OUT)

SUB INTRO RUSSIAN ICBM'S

WASHINGTON, DEC. 29 (AP)-AN ESTIMATE WAS MADE PUBLIC OVER THE WEEKEND THAT THE SOVIET UNION WILL HAVE 300 INTERCONTINENTAL BALLISTIC MISSILES WITHIN 18 MONTHS AND THAT AT LEAST HALF OF THEM WILL WORK.

THE ESTIMATE, MENTIONED AT A SESSION OF THE AMERICAN ASSN. FOR THE ADVANCEMENT OF SCIENCE, SAID THE 150 ICBM'S EXPECTED TO FUNCTION PROPERLY WILL BE ABLE TO LAND WITHIN THREE MILES OF THEIR TARGET.

ROGER HILSMAN, DEPUTY RESEARCH DIRECTOR OF THE LIBRARY OF CONGRESS' LEGISLATIVE REFERENCE SERVICE, GAVE THE ESTIMATE. HE SAID IT CAME OUT OF A SEMI-PUBLIC MEETING BY A MINORITY GROUP OF THE COUNCIL OF FOREIGN RELATIONS IN NEW YORK EARLY THIS MONTH.

30.24- 5683

HILSMAN SAID HE DID NOT ATTEND THE MEETING BUT GOT THE REPORT SECOND HAND. HE RELATED THE REPORT TO A DISCUSSION OF AN ARTICLE ABOUT A RAND CORP. STUDY IN THE CURRENT ISSUE OF FOREIGN AFFAIRS.

THE ARTICLE BY ALBERT WOHLSTETTER, SAID THE "DELICATE BALANCE OF TERROR" ON WHICH AMERICAN POLICY IS BASED IS NOT AUTOMATIC AND THAT, WHILE FEASIBLE, "IT WILL BE MUCH HARDER TO ACHIEVE IN THE 1960S THAN IS GENERALLY BELIEVED." WOHLSTETTER WAS REFERRED IN PART TO INCREASED SOVIET ICBM CAPABILITIES.

HILSMAN SAID THE SOVIET CAPABILITY MEANS IT MAY BE POSSIBLE FOR THE RUSSIANS TO WIPE OUT IN ONE BLOW THE U. S. STRATEGIC AIR COMMAND, THE NATION'S CHIEF RETALIATORY FORCE.

HY1021AES NM

A141WX

WASHINGTON, DEC. 29 (AP)-GEN. MAXWELL D. TAYLOR, ARMY CHIEF OF STAFF, LEFT TODAY FOR A TEN-DAY VISIT TO PUERTO RICO, PANAMA, AND MEXICO. HE WAS ACCOMPANIED BY HIS WIFE AND SEVERAL MEMBERS OF THE ARMY STAFF.

WE1215PES NM

B31WX Q

(310) SCIENTISTS-RUSSIA

WASHINGTON, DEC. 29 (AP)-THERE SEEM TO BE TWO RUSSIAS, A U.S. SCIENTIST SAID TODAY--ONE A HOSTILE, SUSPICIOUS GOVERNMENT, AND THE OTHER A FRIENDLY PEOPLE.

PROF. HAROLD H. PLOUGH OF AMHERST COLLEGE DESCRIBED A CORDIAL RECEPTION HE SAID HE AND OTHER SCIENTISTS RECEIVED FROM THEIR RUSSIAN COUNTERPARTS WHEN VISITING RUSSIA LAST SUMMER.

"NO VISITOR TO UNIVERSITIES IN THE U.S.S.R. AT THE PRESENT TIME CAN FAIL TO BE IMPRESSED BY THE PARADOX OF A SUSPICIOUS, DETERMINED, MONOLITHIC GOVERNMENT AND A FRIENDLY, INTELLIGENT AND MANY-SIDED PEOPLE," HE SAID.

"WE CAME AS VISITING SCHOLARS AND WERE EVERYWHERE TREATED AS HONORED GUESTS," HE SAID. "THIS WAS IN CONTRAST TO THE SUSPICIOUS AND SCARCELY CIVIL TREATMENT REGULARLY ACCORDED TO THE STAFF OF THE AMERICAN EMBASSY AS THE OFFICIAL REPRESENTATIVES OF THE U.S. GOVERNMENT."

HE SAID THE SCIENTIST GROUP WAS RECEIVED WITH FRIENDLY COURTESY AT THE SOVIET ACADEMY OF SCIENCES ON THE SAME DAY THERE WAS A ROCK THROWING DEMONSTRATION IN FRONT OF THE EMBASSY BUILDING.

THERE DO SEEM TO BE SOME CHANGES ON THE LEVEL OF SCHOLARLY AND INDIVIDUAL CONTACTS, HE TOLD MEMBERS OF THE AMERICAN ASSN. FOR THE ADVANCEMENT OF SCIENCE.

WHILE IT WAS ONLY IN 1937 THAT THE CHIEF RUSSIAN ASTRONOMER DIED UNDER SUSPICIOUS CIRCUMSTANCES, THIS SUMMER THE RUSSIAN GOVERNMENT WAS HOST TO NEARLY A THOUSAND MEMBERS OF THE INTERNATIONAL ASTRONOMICAL UNION, HE SAID.

THE RUSSIAN SCIENTISTS ARE CONDUCTING MANY INTERESTING STUDIES, HE SAID.

IN BIOLOGY, BIOPHYSICS, ZOOLOGY, CHEMISTRY, PHYSICS AND SATELLITE PROJECTION THEIR SCIENTIFIC INTERESTS AND ENTHUSIASMS ARE IN EVERY WAY LIKE OUR OWN, PROF. PLOUGH SAID. HE ADDED:

"THIS IS NOT TO SAY THEY ARE AHEAD OF US, FOR THEY ARE NOT. IT DOES INDICATE WE MUST PAY SERIOUS ATTENTION TO THEIR WORK, AS WELL AS CONTINUE AND EVEN INCREASE OUR OWN INVESTIGATION PROGRAM IN ALL AREAS TO MAINTAIN OUR PRESENT COMPETENCE AND POTENTIAL."

PROF. PLOUGH SUMMARIZED WHAT HE CALLED THE RUSSIAN ATTITUDE BY QUOTING THE SOVIET MINISTER OF EDUCATION AT THE FINAL CONFERENCE IN MOSCOW:

"PLEASE CONVEY OUR GOOD WISHES TO OUR AMERICAN COLLEAGUES AND TELL THEM THAT THERE ARE MORE MATTERS ON WHICH WE AGREE THAN ON WHICH WE DIFFER."

CZ534PES

B58WX (Q)
(230)

WASHINGTON, DEC. 29 (AP)-THE JUSTICE DEPARTMENT TODAY REPORTED A SUBSTANTIAL INCREASE IN VIOLATIONS OF U.S. NEUTRALITY LAWS DURING 1958, LARGELY DUE TO THE REBEL MOVEMENT IN CUBA. ACTING ASST. ATTY. GEN. J. WALTER YEAGLEY, IN CHARGE OF THE INTERNAL SECURITY DIVISION, SAID IN A YEAR-END REVIEW OF ITS WORK THAT 145 PERSONS WERE CONVICTED THIS YEAR OF VARIOUS OFFENSES AGAINST LAWS DESIGNED TO PROTECT THE NATION'S NEUTRALITY.

MOST OF THE CONVICTIONS, HE SAID, WERE AMONG GROUPS ATTEMPTING TO BOLSTER THE FORCES OF REBEL LEADER FIDEL CASTRO BY SENDING ARMS, MEN AND EQUIPMENT FROM THE UNITED STATES TO CASTRO STRONGHOLDS.

THE MAJORITY OF ARRESTS OF CASTRO SUPPORTERS OCCURRED IN FLORIDA, BUT OTHERS WERE TAKEN INTO CUSTODY IN TEXAS, CALIFORNIA AND NEW YORK. YEAGLEY ALSO REPORTED A MARKED INCREASE IN CASES BROUGHT AGAINST FIRMS FOR ALLEGED BUSINESS DEALINGS WITH COMMUNIST CHINA IN VIOLATION OF THE TRADING WITH THE ENEMY ACT. THERE WERE SIX SUCH CONVICTIONS IN 1958, AND SEVEN OTHER PROSECUTIONS ARE PENDING.

THE REPORT ALSO NOTED AN INCREASE IN THE NUMBER OF U.S. BASED AGENTS REPRESENTING FOREIGN PRINCIPALS. IT SAID MORE THAN 90 NEW REGISTRATION STATEMENTS FILED IN 1958 BY INDIVIDUALS AND ORGANIZATIONS BROUGHT THE TOTAL NUMBER OF ACTIVE REGISTRATION STATEMENTS TO A RECORD 387 AS OF DEC. 27.

CZ4MC812PES

A60LA

(250)

LOS ANGELES, DEC. 29 (AP)-A JAPANESE ADMIRAL HAS TOLD A U.S. SCHOOLBOY HIS FEAR OF A TRAP LED HIM TO WITHDRAW HIS FLEET WHEN THE AMERICANS INVADDED THE PHILIPPINES IN WORLD WAR II.

THE 2,000-WORD LETTER OF VICE ADMIRAL KIYOHIDE SHIMA TO 16-YEAR-OLD BILL FRAZER OF PACOIMA, CALIF., BROKE THE ADMIRAL'S LONG SILENCE ON A MYSTERY WHICH HAS PUZZLED WAR HISTORIANS.

FRAZER HAD ASKED SHIMA WHY HE PULLED HIS FORCES OUT OF THE CRUCIAL BATTLE OF LEYTE GULF IN OCTOBER, 1944. THE YOUTH WILL USE THE INFORMATION IN A HISTORY TERM PAPER IN JUNIOR HIGH SCHOOL.

EXPRESSING GRATITUDE FOR THE ADMIRAL'S RESPONSE, YOUNG FRAZER ADDED: "I HOPE I GET AN A ON THE PAPER."

WHILE U.S. FORCES WERE FIGHTING FOR A FOOTHOLD ON LEYTE ISLAND, SHIMA WITHDREW THE SHIPS OF HIS SECOND DIVISION FROM A RUNNING SEA BATTLE IN SURIGAO STRAIT.

THE ADMIRAL WROTE FRAZER THAT THE JAPANESE FIRST DIVISION OF VICE ADMIRAL NISHIMURA WAS DESTROYED BY THE AMERICANS. HIS OWN FLAGSHIP, THE HEAVY CRUISER NACHI, WAS CRIPPLED BY A COLLISION WITH ANOTHER JAPANESE CRUISER AND WAS LIMITED TO A TOP SPEED OF 20 KNOTS.

ALL FACTORS MADE HIM DECIDE THE AMERICANS WERE WAITING FOR HIM IN FORCE.

"IT WAS QUITE CLEAR THAT WE SHOULD ONLY FALL INTO A READY TRAP," SHIMA SAID. "I CONSIDERED ALL SUCH THINGS--EVENTS, CIRCUMSTANCES, POSSIBILITIES. THEN I CAME TO MY DECISION THAT IT WOULD BE BETTER TO RETREAT FROM THE STRAIT AND WAIT A CHANCE TO KNOW HOW EVERYTHING WENT."

THE LOS ANGELES EXAMINER, WHICH PUBLISHED THE COPYRIGHTED LETTER, SAID IT IS "CERTAIN TO BECOME ONE OF THE GREAT HISTORICAL DOCUMENTS OF THE WAR IN THE PACIFIC."

IN A PREFACE TO HIS ANSWER, THE ADMIRAL WROTE:

"I CAN EVEN NOW ASSURE YOU THAT MY DECISIONS AND JUDGMENTS OF THE DAY IN SURIGAO STRAIT WERE ADEQUATE AND PROPER. . . . I HAVE NEVER MADE ANY PROTEST OR ANY SORT OF THING AGAINST MISUNDERSTANDINGS, FOR I BELIEVE THAT THE TRUTH WOULD PROVE BY ITSELF IN THE LONG RUN OF HISTORY."

"BUT THIS TIME," HE CONTINUED, "I AM DEEPLY IMPRESSED BY YOUR EAGERNESS AND ENTHUSIASM TO FIND OUT THE TRUTH OF THE WAR IN SPITE OF YOUR AGE. I WILL EXPLAIN THE TRUTH WHICH I MYSELF ENCOUNTERED AT THAT TIME IN SURIGAO STRAIT."

AT ANOTHER POINT IN HIS LETTER, THE ADMIRAL WROTE:

"I AM AFRAID LITTLE INFORMATION CONCERNING ACTIVITIES OF THE SHIMA FLEET DURING THE BATTLE ARE FOUND IN THE U.S. AND MANY REPORTS ON THE BATTLE ARE WRITTEN NEITHER WITH AMPLE KNOWLEDGE NOR FACTS OF ACTUAL FEATURES. IT IS VERY MUCH TO BE REGRETTED."

"THE TRUTH OF THE WAR SHOULD BE UNDERSTOOD THROUGH FACTS GATHERED FROM MANY SIDES AND INDUCED TO A CONCLUSION SO AS NOT TO LOSE THE BALANCE OF THE DAY. IN WHICH THE TRUTH MIGHT REST."

FROM U.S. NAVY RECORDS AND OFFICIAL HISTORIES, SHIMA'S FEAR OF A TRAP WAS WELL FOUNDED.

THE OFFICIAL U.S. NAVY HISTORIAN, RET. REAR ADM. SAMUEL ELIOT MORISON, IN A NEW BOOK ON CLIMATIC NAVAL BATTLE OF WORLD WAR II IN THE PACIFIC, COMMENTS THAT SHIMA "HAD UNUSUAL DISCRETION FOR A JAPANESE ADMIRAL."

WHEN JAPANESE NAVAL FORCES CONVERGED ON LEYTE GULF LATE IN OCTOBER, 1945, SHIMA HAD COMMAND OF TWO HEAVY CRUISERS, ONE LIGHT CRUISER, AND FOUR DESTROYERS.

SHIMA'S FORCE WAS TRAILING THE LEADING FORCE LED BY ADM. NISHIMURA TOWARD SURIGAO STRAIT.

AN OVERWHELMING U.S. FORCE WHICH INCLUDED SIX BATTLESHIPS MET THE HAPLESS NISHIMURA AND DESTROYED ALL BUT ONE OF HIS MAJOR VESSELS. IN THAT SENSE

SHIMA WAS CORRECT IN ASSUMING THAT IF HE PROCEEDED FURTHER HE WOULD WALK INTO A TRAP, WHICH WAS PRECISELY WHAT NISHIMURA HAD DONE.

RJ520PES

B30KX (Q)

PHYSICISTS (400)

BY RENNIE TAYLOR

ASSOCIATED PRESS SCIENCE WRITER

LOS ANGELES, DEC. 29 (AP)-TWO SCIENTISTS REPORTED TODAY A METHOD OF FINDING OUT WHAT HAPPENS TO ATOMS THAT BURST WITH ENERGIES FAR GREATER THAN IN THE MOST POWERFUL ATOM SMASHING MACHINES OR IN NUCLEAR BOMBS.

THE PROCEDURE SOME DAY MAY TELL RESEARCHERS WHETHER THEY CAN USE THE ATOM TO UNLEASH THE KIND OF POWER THAT PLAYS A PART IN THE BIRTH AND DEATH OF STARS AND GALAXIES.

DETAILS OF THE METHOD WERE GIVEN IN A PAPER BEFORE THE AMERICAN PHYSICAL SOCIETY BY DR. LUISA F. HANSEN, AND DR. WILLIAM B. FRETTER OF THE UNIVERSITY OF CALIFORNIA AT BERKELEY.

USING SPECIAL EQUIPMENT THEY ANALYZED FRAGMENTS OF ATOMS THAT HAD BEEN STRUCK BY COSMIC RAYS HAVING ENERGIES UP TO 1,000 BILLION ELECTRON VOLTS.

IT MAY BE POSSIBLE, DR. FRETTER SAID, TO DETERMINE IN THIS WAY WHAT HAPPENS TO ATOMS WRECKED BY COSMIC RAYS OF 10,000 BILLION ELECTRON VOLTS.

BY CONTRAST, A SPLITTING URANIUM ATOM IN A FISSION BOMB PRODUCES ONLY ABOUT 200 MILLION ELECTRON VOLTS.

THE HYDROGEN BOMB, DESPITE ITS MUCH GREATER PUNCH, DOES ITS WORK ON ATOMS OF ONLY THREE MILLION TO FOUR MILLION VOLTS. THE H-BOMB IS THE MORE POTENT BECAUSE A GREATER PROPORTION OF ITS FUEL IS CONVERTED INTO ENERGY.

WHAT ATOMS WILL DO IF MAN CAN EXPLODE THEM WITH THE TREMENDOUS ENERGY OF THE COSMIC RAY BECOMES THE NEXT STEP AHEAD IN NUCLEAR RESEARCH.

COSMIC RAYS ARE INCREDIBLY POTENT PARTICLES OF MATTER FROM OUTER SPACE. ORIGINATING IN STARS AND TO SOME EXTENT IN THE REGION OF THE SUN, FEW REACH THE EARTH'S SURFACE, BECAUSE THEY COLLIDE WITH ATOMS. BUT SOME OF THEM PRODUCE OFFSPRING WHEN THEY HIT ATOMS THESE DESCENDANTS, KNOWN AS SECONDARY COSMIC RAYS, ALSO ARE ENORMOUSLY ENERGETIC PARTICLES. THEY REACH ENERGIES IN THE THOUSANDS OF BILLIONS OF VOLTS, MANY TIMES MORE POWERFUL THAN ANY MAN-PRODUCED PARTICLE.

THE SECONDARY COSMIC RAYS ARE WHAT THE BERKELEY RESEARCHERS OBSERVED.

THE COMPARATIVELY WEAK MAN-MADE COSMIC RAYS PRODUCE PARTICLES WITH ENERGIES TOO GREAT FOR EFFECTIVE OBSERVATION BY ORDINARY MEANS.

THE HANSEN-FRETTER METHOD OPENS THE WAY FOR OBSERVING AND MEASURING THESE MAN-MADE PARTICLES AS WELL AS THOSE PRODUCED BY NATURAL COSMIC RAYS. DR. FRETTER FOUND THAT WHEN A PARTICLE IS MOVING AT NEARLY THE SPEED OF LIGHT ITS NORMAL SYMMETRICAL ELECTRIC FIELD IS PUSHED OUT OF SHAPE--BLUNTED IN THE DIRECTION OF TRAVEL, AND WIDENED AT THE SIDES.

HE DESIGNED A CHAMBER AND FILLED IT WITH A MIXTURE OF HELIUM AND ARGON. A PARTICLE SPEEDING THROUGH THIS CHAMBER CAUSES ATOMS OF THE GAS TO BECOME IONIZED AND THIS, IN TURN, MAKES THEM PRODUCE BUBBLES WHICH CAN BE PHOTOGRAPHED.

THE DISTORTED ELECTRIC FIELD OF THE SPEEDING FRAGMENTS YIELD CHARACTERISTIC BUBBLE TRAILS WHICH ENABLE THE RESEARCHERS TO IDENTIFY THE PARTICLES.

HU727ACS

B33KX Q
CX
(250)

SAN FRANCISCO, DEC. 29 (AP)--ONE WAY OR ANOTHER, A SHARP-TONGUED MARINE WILL BE RELEASED SOON FROM CONFINEMENT FOR BLASTING THE CORPS IN PRESS STATEMENTS WHEN IT WOULDN'T LET HIM OUT AS A CONSCIENTIOUS OBJECTOR.

WHETHER HE GOES BACK IN THE MARINES IS THE BIG QUESTION.

THE ANSWER MAY COME THIS WEEK FROM THE NAVY JUDGE ADVOCATE'S OFFICE IN WASHINGTON, D.C.

A NAVY BOARD OF REVIEW, IN A 2-1 DECISION, HAS RECOMMENDED SUSPENDING THE BAD CONDUCT DISCHARGE OF PVT. PETER GREEN, 19, OF EVANSTON, ILL., IN FAVOR OF PROBATION. THAT ULTIMATELY WOULD GET HIM BACK IN THE MARINES.

SOON AFTER ENLISTING IN SEPTEMBER, 1956 GREEN DECIDED HE WANTED NO PART OF COMBAT SERVICE. WHEN HIS APPEALS FAILED, GREEN ISSUED TWO CRACKLING STATEMENTS TO THE PRESS. HE SAID THE MARINE CORPS WAS LIVING IN THE 16TH CENTURY AND HE WAS OF NO MIND TO LIVE THERE WITH IT.

HE ALSO WROTE A SHARP REPRIMAND OF LT. COL. E.C. BORO AT CAMP PENDLETON, CALIF.

A CAMP PENDLETON COURT MARTIAL LAST MAY FOUND HIM GUILTY OF BRINGING DISCREDIT ON THE CORPS, OF BEING DISRESPECTFUL TO AN OFFICER AND OF WRONGFUL POSSESSION OF AN IDENTIFICATION CARD WITH INTENT TO DECEIVE. THE COURT MARTIAL SENTENCED HIM TO TWO YEARS' CONFINEMENT, TOGETHER WITH A BAD CONDUCT DISCHARGE AND FORFEITURE OF ALL PAY.

THE CAMP PENDLETON COMMANDER REDUCED THE SENTENCE TO A YEAR.

TODAY IT WAS DISCLOSED THAT ON DEC. 9 AT SAN BRUNO, THE NAVY BOARD OF REVIEW THREW OUT THE CHARGE OF BEING DISRESPECTFUL TO AN OFFICER, UPHOLD THE CHARGE OF BRINGING DISCREDIT ON THE CORPS AND RECOMMENDED REDUCTION OF SENTENCE TO SIX MONTHS.

30.24- 5685

GREEN, NOW CONFINED AT CAMP ELLIOTT, LINDA VISTA, CALIF., HAS BEEN DETAINED SINCE MAY 8, MORE THAN SIX MONTHS. EVEN WITHOUT THE RECOMMENDATIONS, GREEN WILL BE ELIGIBLE FOR RELEASE JAN. 6.
EW459PCS

A128BA (DC)

(110)

HUNTINGTON, W. VA., DEC. 29 (AP)--DEPUTY PREMIER MIKOYAN OF THE SOVIET UNION WAS EXTENDED AN INVITATION TODAY TO VISIT TWO WEST VIRGINIA CITIES WHEN HE COMES TO THE UNITED STATES NEXT YEAR.

LAWRENCE H. ROGERS, PRESIDENT OF WSJZ INC., WHICH HAS RADIO AND TELEVISION OUTLETS IN HUNTINGTON AND CHARLESTON, SAID HE CABLED THE INVITATION.

IT OFFERED TO "GLADLY EXCHANGE VIEWS CONCERNING FREE ENTERPRISE COMMUNICATIONS MEDIA DAILY REACHING TWO MILLION CITIZENS VIA TELEVISION, RADIO AND NEWSPAPERS."

THE RUSSIAN WAS ALSO INVITED TO VISIT THE STATE'S CHEMICAL INDUSTRY "CREATING PRODUCTS FOR PEACEFUL PROGRESS."

ROGERS SAID HE SENT THE MESSAGE IN AN OPEN MINDED SPIRIT WITH HOPES FOR A PEACEFUL 1959 THROUGH GREATER INTERNATIONAL UNDERSTANDING.
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CO ASKT (500)

NEW YORK, DEC. 29 (AP)--A GROUP OF NBC CORRESPONDENTS GATHERED YESTERDAY TO HASH OVER THE EVENTS OF THE PAST YEAR AND FORECAST MAJOR NEWS DEVELOPMENTS OF 1959.

AMONG THE THINGS THEY SAW IN THEIR CRYSTAL BALL WAS NO WAR WITH RUSSIA EXCEPT BY ACCIDENT, A CONTINUED UNBALANCED U.S. BUDGET AND THE NEED TO TREAT PRESIDENT GAMAL NASSER OF EGYPT AS THE ONE STRONG ANTI-COMMUNIST LEADER IN THE MIDDLE EAST.

RAY SCHERER, NBC WHITE HOUSE CORRESPONDENT, WAS SHARPLY CRITICAL OF PRESIDENT EISENHOWER WHOM HE CALLED "A TIRED MAN LEADING A TIRED ADMINISTRATION."

SCHERER CONTINUED, DURING THE HOUR LONG TELEVISION PROGRAM, "HE HAS COME TO THE POINT WHERE HE IS MORE CONCERNED WITH THE PRICE TAG THAN WITH THE VALUE OF THINGS. HIS PREOCCUPATION OF THE MOMENT IS A BALANCED BUDGET. THIS IS A FIGHT HE CANNOT POSSIBLY WIN IN 1959."

AT ANOTHER POINT, SCHERER SAID, "THIS HAS BEEN A BAD YEAR FOR PRESIDENT EISENHOWER, PERHAPS THE CRUELEST YEAR OF THE PRESIDENCY. HIS PARTY LOST THE ELECTION...THE PRESIDENT LOST HIS RIGHT HAND MAN, SHERMAN ADAMS, AND SOMEWHERE ALONG THE WAY HE LOST HIS PUBLIC IMAGE AS A PROGRESSIVE. IN THE PUBLIC MIND HE SEEMED TO SUDDENLY TURN CONSERVATIVE."

EDWIN NEWMAN, NBC PARIS CORRESPONDENT, SAID SERIOUS CONSIDERATION SHOULD BE GIVEN TO INVITING RUSSIAN PREMIER NIKITA KHRUSHCHEV TO THE UNITED STATES.

"KHRUSHCHEV IS A MAN WHO LOVES TO TALK, LOVES TO HORSE TRADE, TO GAMBLE, TO TRADE IDEAS...THESE VERY CHARACTERISTICS WOULD REDOUBT TO OUR BENEFIT."

IRVING R. LEVINE, MOSCOW CORRESPONDENT, SAID, "IT'S VERY HARD TO BELIEVE THAT NIKITA KHRUSHCHEV WOULD DELIBERATELY GO TO WAR. IF ANY ISSUE CAN CHALLENGE HIS LEADERSHIP OF THE KREMLIN, IT WOULD BE THE ISSUE OF WAR, AND WAR WOULD CERTAINLY WRECK KHRUSHCHEV'S CHANCES FOR ACCOMPLISHING HIS CHERISHED ECONOMIC GOALS. BUT THE VERY GREAT DANGER OF BRINKMANSHIP WHETHER ITS PLAYED BY KHRUSHCHEV OR ANYONE ELSE IS THAT IT'S SO VERY SIMPLY TO TUMBLE OVER THE BRINK."

LEVINE SAID LATER, "WE HAVE THE INGREDIENTS OF A WAR IN BERLIN AND RUSSIA I THINK IS PREPARED TO FIGHT. THERE ARE CERTAIN RESTRAINING FACTORS--POLITICAL, ECONOMIC, AND ALSO A VERY PARADOXICAL ONE THAT IS COMMUNIST CHINA. NIKITA KHRUSHCHEV KNOWS VERY WELL THE ONLY COUNTRY IN THE WORLD THAT STANDS TO GAIN FROM A NUCLEAR WAR IS THE OVERPOPULATED COMMUNIST RIVAL OF MOSCOW--COMMUNIST CHINA. AND WE HAVE THIS VERY IRONIC SITUATION OF OUR ENEMY, COMMUNIST CHINA, ACTUALLY ACTING AS A BRAKE ON NIKITA KHRUSHCHEV IN STARTING A WAR OVER BERLIN."

WELLES HANGEN, CAIRO, PROPOSED THE WEST TREAT NASSER MORE KINDLY, A SUGGESTION VIGOROUSLY OPPOSED BY SOME OF THE OTHER CORRESPONDENTS.

"WE FACE OUR GREATEST DISASTER SINCE CHINA," HE SAID, "UNLESS WE STOP FIGHTING THE ONE STRONG ANTI-COMMUNIST RULER--NASSER."

"IN IRAQ OR ANY OTHER PART OF THE WORLD," SAID HANGEN, "THE ONLY EFFECTIVE ANTIDOTE TO COMMUNISM IS ARAB NATIONALISM, THE NATIVE MOVEMENT. NASSER IS NO BED-FELLOW OF THE WEST, BUT HE CAN MATCH OUR PURPOSES AND HE WILL SELL HIS SOIL AND TRANSIT FACILITIES FOR HARD WESTERN CURRENCY. IT'S TIME WE CUT OUR LOSSES."

"MY LORD," PROTESTED DAVID BRINKLEY, WASHINGTON, "YOU'RE PROPOSING WE KEEP OR AT LEAST ACQUIESCE IN HAVING NASSER, WHO IS ESSENTIALLY A THUG, TAKE OVER THE ENTIRE MIDDLE EAST AND NOBODY KNOWS HOW MUCH MORE."

"OUR GREATEST SECURITY WOULD LIE, I THINK," REJOINED HANGEN, "IN A STRONG ARAB STATE WITH THE STRENGTH TO FIGHT COMMUNISM, PERHAPS EVENTUALLY MAKE PEACE WITH ISRAEL."

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B18 (SEG)

(150)

ADVANCE FOR USE AT 7 A.M. EST

(ADVANCE) UNITED NATIONS, N.Y., DEC. 29 (AP)--DAG HAMMARSKJOLD CAUTIONED THE NEW AFRICAN STATES TODAY AGAINST LETTING EMOTIONALISM AFFECT THEIR ECONOMIC DEVELOPMENT AND APPEALED FOR A DOWN-TO-EARTH APPROACH.

IN A SPEECH PREPARED FOR DELIVERY IN ADDIS ABABA, ETHIOPIA, AT THE OPENING OF THE FIRST SESSION OF THE NEW U.N. ECONOMIC COMMISSION FOR AFRICA, THE U.N. SECRETARY GENERAL POINTED OUT THAT MANY OF THE BOUNDARIES OF THE NEW AFRICAN STATES "ARE NOT BEST SUITED TO THE REQUIREMENTS OF RAPID ECONOMIC GROWTH."

"IF SUCH GROWTH IS TO TAKE PLACE," HE DECLARED, "CONCERTED ACTION AND JOINT ENDEAVORS WILL BE NEEDED AMONG COUNTRIES AND TERRITORIES, EACH WITH ITS OWN COMPLEX ECONOMIC AND SOCIAL PATTERNS AND WITH ITS OWN PARTICULAR POLITICAL STATUS."

HAMMARSKJOLD WARNED THE NEW COMMISSION AGAINST DISSIPATING ENERGIES "IN MEASURES AND ACTIONS OF SLIGHT CONSEQUENCE."

"IT IS MY HOPE THAT THE COMMISSION WILL BE VIGOROUS AND IT WILL NOT HESITATE TO DEAL WITH CHALLENGING PROBLEMS," HE SAID, "AND THAT IT WILL AVOID WHAT, IN THE LIGHT OF SCARCE RESOURCES, WOULD APPEAR SUPERFLUOUS OR SECONDARY. FOR THIS, SELF-DISCIPLINE WILL BE NECESSARY FROM THE OUTSET."

END ADVANCE FOR 7 A.M. EST.

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(AGENCIES-RADIO OUT)

ADVANCE FOR YEAREND EDITIONS

UNDATED CENSORSHIP ROUNDUP (1,800)

BY THE ASSOCIATED PRESS

(ADVANCE) A STERN WARNING WENT OUT FROM ISRAEL'S CIVIL SERVICE COMMISSION TO ALL ISRAELI GOVERNMENT EMPLOYEES THIS YEAR TO BE CAREFUL WHAT THEY TELL NEWSMEN.

UNDER SECURITY LAW AMENDMENTS, THEY WERE REMINDED, ANY WHO "WITHOUT LEGAL AUTHORITY PASSES ON INFORMATION COMING TO HIS ATTENTION IN HIS OFFICIAL CAPACITY TO A PERSON NOT AUTHORIZED TO RECEIVE SUCH INFORMATION IS LIABLE TO THREE YEARS IMPRISONMENT."

"IT MUST BE EMPHASIZED," THE CIRCULAR SAID, "THAT A JOURNALIST HAS NO MORE RIGHT TO RECEIVE INFORMATION THAN THE GENERAL PUBLIC."

THIS IS AN OPEN EXAMPLE OF THE MOST COMMON TYPE OF CENSORSHIP IN THE WORLD TODAY--PRESSURE FOR WITHHOLDING OF NEWS AT THE SOURCE.

OFFICIALS MAY DELIBERATELY CONCEAL FACTS OR ANNOUNCE THEM ONLY IN PART TO FIT PROPAGANDA AIMS. NECESSITY--MILITARY, ECONOMIC OR POLITICAL--IS A COMMON ARGUMENT BY PROPONENTS OF SUCH A POLICY.

ISRAEL IS FAR FROM ALONE IN THIS. IT'S PRACTICED IN MANY NATIONS AROUND THE GLOBE. EVEN THE UNITED STATES IS AFFECTED TO SOME EXTENT.

A SURVEY JUST COMPLETED BY THE ASSOCIATED PRESS SHOWS LITTLE IMPROVEMENT IN 1958 IN RESTRICTIONS ON THE WORLD FLOW OF NEWS. BACKSLIDING WAS EVIDENT IN SOME AREAS, PARTICULARLY THE MIDDLE EAST AND SOUTH ASIA.

IN ADDITION TO WITHHOLDING OF NEWS AT THE SOURCE, THERE ARE THESE FORMS OF RESTRICTIONS ON FREEDOM OF THE PRESS:

A. DOMESTIC CENSORSHIP, COMMON IN DICTATORSHIPS. LEGAL THREATS OR ECONOMIC PRESSURE MUZZLE A NATION'S NEWSMEN AND BROADCASTERS ON MATTERS THE RULERS DON'T WANT PUBLICIZED AMONG THEIR PEOPLE.

B. FULL CENSORSHIP AS USED IN THE SOVIET UNION AND SEVERAL MIDDLE

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AST NATIONS. OFFICIALS DISCLOSE ONLY WHAT THE GOVERNMENT WANTS TO BE KNOWN. THEY KEEP A SHARP EYE ON DOMESTIC NEWS OUTLETS AND FENCE IN FOREIGN CORRESPONDENTS WITH BLUE PENCILS AND RED TAPE.

C. REGULATIONS THAT KEEP CORRESPONDENTS OUT OF CERTAIN COUNTRIES, SUCH AS CZECHOSLOVAKIA AND SAUDI ARABIA.

THE U.N. GENERAL ASSEMBLY HAS NUDGED WORLD GOVERNMENTS TO DROP THESE BARRIERS. IT ADOPTED 49-16 A UNITED STATES RESOLUTION RECOMMENDING THAT MEMBER NATIONS FACILITATE "THE FREE FLOW OF ACCURATE INFORMATION THROUGH ALL MEDIA." NO SUBSTANTIAL EFFECT WAS IMMEDIATELY EVIDENT.

THE FOLLOWING SUMMARY OMITTS THE MANY NATIONS WITH A STRONG FREE PRESS POLICY, SUCH AS THE UNITED STATES, BRITAIN, JAPAN AND THE SCANDINAVIAN COUNTRIES. ALSO OMITTED ARE SOME SMALLER COUNTRIES WHICH RARELY FIGURE IN THE HEADLINES. OTHERWISE THIS IS THE PICTURE:

--SOVIET UNION--

SOVIET NEWS REMAINED SUBJECT TO SEVERE CENSORSHIP IN 1958. NO RELAXATION IS IN SIGHT.

WESTERN CORRESPONDENTS MUST SUBMIT ALL MATERIAL FOR PUBLICATION--INCLUDING CABLEGRAMS, TELEPHONE DISPATCHES AND PHOTOGRAPHS--TO THE CENTRAL TELEGRAPH OFFICE IN TRIPPLICATE. ALL ARE SUBJECT TO APPROVAL BY THE CULTURE MINISTRY'S CENSORSHIP ORGANIZATION, GLAVLIT, BEFORE TRANSMISSION. DELETIONS ARE COMMON.

IN TIMES OF CRISIS CORRESPONDENTS ARE UNABLE TO TELEPHONE EVEN ADVISORY MESSAGES ABROAD. ANY ATTEMPT TO OBTAIN FIRSTHAND NEWS WITHOUT GOING THROUGH SPECIFIED SOVIET AGENCIES IS FROWNED UPON.

CONTROL OF DOMESTIC NEWSPAPER AND RADIO OUTLETS IS EASY. ALL ARE OWNED AND OPERATED BY THE GOVERNMENT.

--EASTERN EUROPE--

A RIGOROUS WATCH PREVAILS OVER THE NEWSPAPERS OF EASTERN EUROPE AND A CENSORSHIP OF RESPONSIBILITY APPLIES TO THE RELATIVELY FEW FOREIGN CORRESPONDENTS BASED THERE.

EDITORIAL JOBS ARE ASSIGNED IN SOME CASES, AS IN HUNGARY AND YUGOSLAVIA, TO COMMUNIST PARTY REPRESENTATIVES. GOVERNMENT OFFICIALS DECIDE IN OTHER CASES WHAT THE PEOPLE SHOULD READ.

COPY OF FOREIGN NEWSMEN MOVES OUT FREELY, BUT RED AUTHORITIES MAY CALL A CORRESPONDENT TO ACCOUNT FOR ANYTHING HE WRITES THAT IS PRINTED OR BROADCAST ABROAD. THAT COULD MEAN A REPRIMAND OR WORSE.

EAST GERMANY USUALLY ALLOWS WESTERNERS IN ONLY ON GUIDED TOURS. CORRESPONDENTS WISHING TO VISIT ALBANIA, BULGARIA, ROMANIA AND CZECHOSLOVAKIA HAVE FOUND VISAS HARDER TO GET THIS YEAR THAN LAST. POLAND IS FREER IN THIS RESPECT THAN MOST. THE POLES DO NOT LIKE FOR FOREIGNERS TO USE WARSAW AS A LISTENING POST FOR NEWS ABOUT CONDITIONS IN RUSSIA AND OTHER SOVIET BLOC COUNTRIES, BUT TAKE NO ACTION CONCERNING STORIES ON PURELY POLISH AFFAIRS, NO MATTER HOW UNFLATTERING.

---WESTERN EUROPE---

ASIDE FROM SOME SOURCE CENSORSHIP, FREEDOM OF THE PRESS IS THE GENERAL RULE IN WESTERN EUROPE. ON THE OTHER SIDE OF THE COIN: DIRECT CENSORSHIP CAME TO FRANCE FOR A COUPLE OF WEEKS LAST MAY DURING THE CRISIS THAT RESTORED GEN. CHARLES DE GAULLE TO THE PREMIERSHIP. SINGLE EDITIONS OF SOME LEFTIST FRENCH NEWSPAPERS HAVE SINCE BEEN SUPPRESSED FOR ARTICLES WHICH THE GOVERNMENT CONSIDERED ENDANGERED STATE SECURITY.

WEST GERMANY'S GOVERNMENT PROPOSED TWO BILLS COVERING DEFAMATION OF CHARACTER AND INSULT TO LEADERS OF FOREIGN NATIONS. NEWSPAPERS ASSAILED THE BILLS. NEITHER HAS YET BEEN PLACED BEFORE PARLIAMENT. BLUE PENCILS CUT INTO THE NEWS FOR THE PEOPLES OF SPAIN AND PORTUGAL, AS THEY HAVE FOR YEARS. AND GREEK NEWSMEN REMAINED UNDER THE THREAT OF FINE OR IMPRISONMENT IF THEY PUBLISHED SUCH THINGS AS MILITARY SECRETS OR INSULTS TO HEADS OF FOREIGN NATIONS.

PUBLISHERS OF NEUTRAL SWITZERLAND KEPT WATCH TO AVOID VIOLATION OF NEUTRALITY LAWS. THERE HAVE BEEN A FEW PROSECUTIONS SINCE WORLD WAR II, CHIEFLY OF COMMUNIST SHEETS. THE LAWS FORBID PUBLICATION OF ANYTHING LIKELY TO THREATEN SWITZERLAND'S RELATIONS WITH OTHER COUNTRIES.

---TURKEY AND THE MIDEAST---

CRISES HELPED CENSORSHIP TO BITE DEEPER THIS YEAR INTO THE MIDDLE EAST, WHERE RESTRICTIONS ON THE FLOW OF NEWS ARE GENERAL IN NORMAL TIMES.

TWO CENSORSHIPS HAVE ARISEN IN IRAQ SINCE THE REVOLT THAT DESTROYED KING FAISAL'S PRO-WESTERN GOVERNMENT JULY 14. ONE IS CIVILIAN, THE OTHER MILITARY. IT'S A STRICT REGIME FOR BOTH IRAQI PUBLICATIONS AND FOREIGN CORRESPONDENTS.

JORDAN HAS A CIVILIAN-MILITARY CENSORSHIP ON ALL INCOMING MATERIAL AND ON LOCAL PUBLICATIONS, THOUGH THE SUMMER'S THREAT TO KING HUSSEIN'S THRONE SEEMS ABATED. OFFENDING NEWSPAPERS AND MAGAZINES ARE EITHER SEIZED OUTRIGHT OR CLIPPED. EDITORS HAVE BEEN JAILED.

IN LEBANON, PAPERS ARE UNDER INSTRUCTIONS TO BE CAUTIOUS IN HANDLING NEWS OF THE ARMY OR ANY VESTIGES OF LAST SUMMER'S CIVIL STRIFE. MILITARY CENSORSHIP IS IMPOSED AT THE SLIGHTEST SIGN OF TROUBLE.

A RIGID CENSORSHIP WAS APPLIED TO ALL NEWS CABLED OUT OF SUDAN FOR TWO WEEKS AFTER THE NOV. 17 ARMY COUP. THE LOCAL PRESS ENJOYED A WIDER LATITUDE.

GOVERNMENT DIRECTIVES KEEP THE EGYPTIAN PRESS IN LINE. THE UNITED ARAB REPUBLIC TRIES TO CHANNEL ALL OFFICIAL NEWS OF EGYPT AND SYRIA THROUGH ITS INFORMATION DEPARTMENT AND ITS MIDDLE EAST NEWS AGENCY. THERE IS NO DIRECT CENSORSHIP ON OUTGOING CABLES, THOUGH THESE FREQUENTLY ARE PERUSED AND IN TIMES OF CRISIS THE CENSOR WILL CRACK DOWN.

TURKEY'S GOVERNMENT IS DEEPLY SUSPICIOUS OF NEWSMEN AND HABITUALLY WITHHOLDS EVEN ROUTINE INFORMATION. THIRTEEN TURKISH NEWSMEN WERE JAILED THIS YEAR FOR VIOLATIONS OF A STRICT PRESS LAW.

TWO EXTREMES ARE FOUND IN IRAN AND YEMEN.

THE SHAH OF IRAN HAS CENSORS WHO WORK OVER EVEN HIS OWN NEWS CONFERENCE STATEMENTS. THE SECURITY DEPARTMENT'S PRESS SECTION DECIDES NOT ONLY WHAT NEWSMEN WILL BE PERMITTED TO SEE THE SHAH, BUT WHAT PART OF THE QUESTIONS AND REPLIES THEY MAY PRINT. THE CUTS ARE DEEP.

ON THE OTHER HAND, THE ELDERLY IMAM OF YEMEN IS HIS OWN CENSOR. HE PASSES ON NEWS FILED BY FOREIGN CORRESPONDENTS IN HIS LITTLE KINGDOM BEFORE TRANSMISSION. USUALLY HIS PENCIL IS LIGHT.

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CENSORSHIP IN SAUDI ARABIA IS INTENDED TO BE TOTAL. FOREIGN CORRESPONDENTS WERE VIRTUALLY BANNED ALTOGETHER THIS YEAR. PRACTICALLY NO NEWS IS TRANSMITTED EXCEPT THAT WHICH IS CONTAINED IN OFFICIAL ANNOUNCEMENTS BROADCAST BY THE GOVERNMENT RADIO.

---AFRICA---

RIISING PRESSURES WERE EVIDENT IN PARTS OF AFRICA.

IN MOROCCO, RESIDENT CORRESPONDENTS FOR FOREIGN AGENCIES AND NEWSPAPERS WORK UNDER THE THREAT OF EXPULSION FOR ANY NEWS CRITICAL OF THE MOROCCAN GOVERNMENT OR THE DOMINANT ISTIGLAL PARTY.

IN REVOLT-TORN ALGERIA, FRENCH AND FOREIGN NEWSPAPERS ARE OCCASIONALLY SEIZED, DESPITE THE GOVERNMENT'S INSISTENCE THAT THERE IS NO ACTIVE CENSORSHIP. CORRESPONDENTS FRIENDLY TO THE FRENCH CAUSE GET TRAVEL PASSES, UNFRIENDLY ONES DO NOT. COPY MOVES FREELY.

TUNISIA'S INFORMATION MINISTRY HAS MANIFESTED A COOL ATTITUDE TOWARD FOREIGN NEWSMEN, BUT THEY CAN OPERATE FAIRLY FREELY. THEIR TELEPHONE CALLS AND CABLES GET THROUGH. NEWLY INDEPENDENT GUINEA RECENTLY EXPELLED A CORRESPONDENT WORKING FOR FOREIGN AGENCIES.

ETHIOPIA HAS A TOUGH SOURCE CENSORSHIP, WITH MANY AREAS OF THE COUNTRY STILL BARRED TO THE PRESS. ETHIOPIAN NEWSPAPERS ARE TIGHTLY CONTROLLED. FOREIGN CORRESPONDENTS ARE TOLD THERE IS NO CENSORSHIP ON THEIR COPY.

SOUTH AFRICA'S GOVERNMENT IS EXTREMELY SENSITIVE TO FOREIGN CRITICISM OF ITS APARTHEID POLICY FOR RACIAL SEPARATION. AS A RESULT, FORMAL NEW CONFERENCES BY GOVERNMENT OFFICIALS ARE RARE AND NEWS CONTACTS DIFFICULT TO ACHIEVE.

---FAR EAST---

IT WAS A BAD YEAR FOR PRESS FREEDOM IN ASIA.

CEYLON'S GOVERNMENT INVOKED FULL CENSORSHIP FROM MAY TO OCTOBER BECAUSE OF ISLAND-WIDE RIOTING BETWEEN SINHALESE AND TAMIL LANGUAGE GROUPS. NEWSPAPERS TRYING TO COVER THE RIOTS WERE LIMITED TO GOVERNMENT HANDOUTS.

PAKISTAN'S DOMESTIC PRESS AND FOREIGN CORRESPONDENTS WENT UNDER DIRECT CENSORSHIP FOR 10 DAYS IN OCTOBER AFTER PRESIDENT ISKANDER MIRZA DISMISSED THE GOVERNMENT AND DECLARED MARTIAL LAW.

NEPAL STARTED A NEW SYSTEM OF ACCREDITING CORRESPONDENTS UNDER WHICH NONE CAN OPERATE WITHOUT BEING ON THE GOVERNMENT'S LIST.

IN SOUTH VIET NAM, CONDITIONS OF THE LOCAL PRESS WORSENEED SLIGHTLY. TWO PAPERS WERE CLOSED ON GOVERNMENT ORDERS. ENGLISH, FRENCH AND CHINESE NEWSPAPERS REMAINED UNDER DIRECT CENSORSHIP.

IN SOUTH KOREA PRESIDENT SYNGMAN RHEE'S LIBERAL MAJORITY HAS JUST PUSHED THROUGH PARLIAMENT A SECURITY BILL THAT HIS DEMOCRATIC FOES CHARGE WILL ADVERSELY AFFECT CIVIL RIGHTS AND PRESS FREEDOM.

THE TWO CHINAS CLUNG TO OPPOSING POLICIES.

CENSORSHIP IS THE RULE IN RED CHINA. APPARENTLY THERE IS NO DIRECT CONTROL OVER OUTGOING DISPATCHES OF THE FEW FOREIGN NEWSMEN ADMITTED, BUT THEY ARE LIABLE TO FIND THEY CAN'T GET BACK IN IF THE GOVERNMENT DOESN'T LIKE WHAT THEY WRITE.

NATIONALIST CHINA SOMETIMES HOLDS UP NEWS AT THE SOURCE, BUT IMPOSED NO FORMAL CENSORSHIP EVEN AT THE HEIGHT OF THE QUEMOY CRISIS. FORMOSA NEWSPAPERS INDULGE IN CONSIDERABLE CRITICISM OF THE GOVERNMENT. HOWEVER, THEY NEVER CRITICIZE PRESIDENT CHIANG KAI-SHEK OR HIS GOAL OF RETURNING TO THE MAINLAND.

---LATIN AMERICA---

AN ARMY OF CENSORS RIDE HERD ON CUBA'S PRESS, RADIO AND TV. TELEPHONE AND CABLE MESSAGES ABROAD ARE SUBJECT TO GOVERNMENT SCRUTINY. THE SHARP WATCH IS CENTERED ON MATTERS DEALING WITH FIDEL CASTRO'S REBELLION AGAINST THE BATISTA GOVERNMENT.

THE BIG NEWS PROBLEM IS GETTING THE GOVERNMENT'S SIDE OF THE STORY. THERE'S A DAILY BARRAGE OF PROPAGANDA AND NEWS FROM REBEL SOURCES. EFFORTS TO CHECK THESE WITH THE GOVERNMENT OFTEN BRING THE ANSWER "NO TIENE NADA"--WE HAVE NOTHING.

HAITI RECENTLY LIFTED A CENSORSHIP ESTABLISHED JULY 29 AFTER THREE EXILED HAITIAN ARMY OFFICERS AND FIVE AMERICAN MERCENARIES STAGED A POCKET-SIZED INVASION FROM KEY WEST, FLA.

PENAMA'S PRESIDENT ERNESTO DE LA GUARDIA JR., DECREED NINE DAYS OF CENSORSHIP IN MAY AFTER AN OUTBREAK OF STREET FIGHTING BETWEEN STUDENTS AND GOVERNMENT FORCES.

A FREE PRESS IS NOW THE RULE THROUGHOUT THE SOUTH AMERICAN MAINLAND. VENEZUELAN NEWSPAPERS WERE FREED OF 10 YEARS OF RIGID CENSORSHIP WITH THE OVERTHROW OF DICTATOR MARCOS PEREZ JIMENEZ LAST JANUARY.

AN EXCEPTION IS PARAGUAY. THOUGH THERE IS NO DIRECT CENSORSHIP THERE, NEWSMEN KNOW THEY MAY BE CALLED TO ORDER OR EVEN JAILED IF THEY PUBLISH OR SEND OUT STORIES THE GOVERNMENT DOES NOT LIKE.

END ADVANCE FOR YEAR END EDITIONS; MOVED DEC. 27

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END DEC. 29, 1958